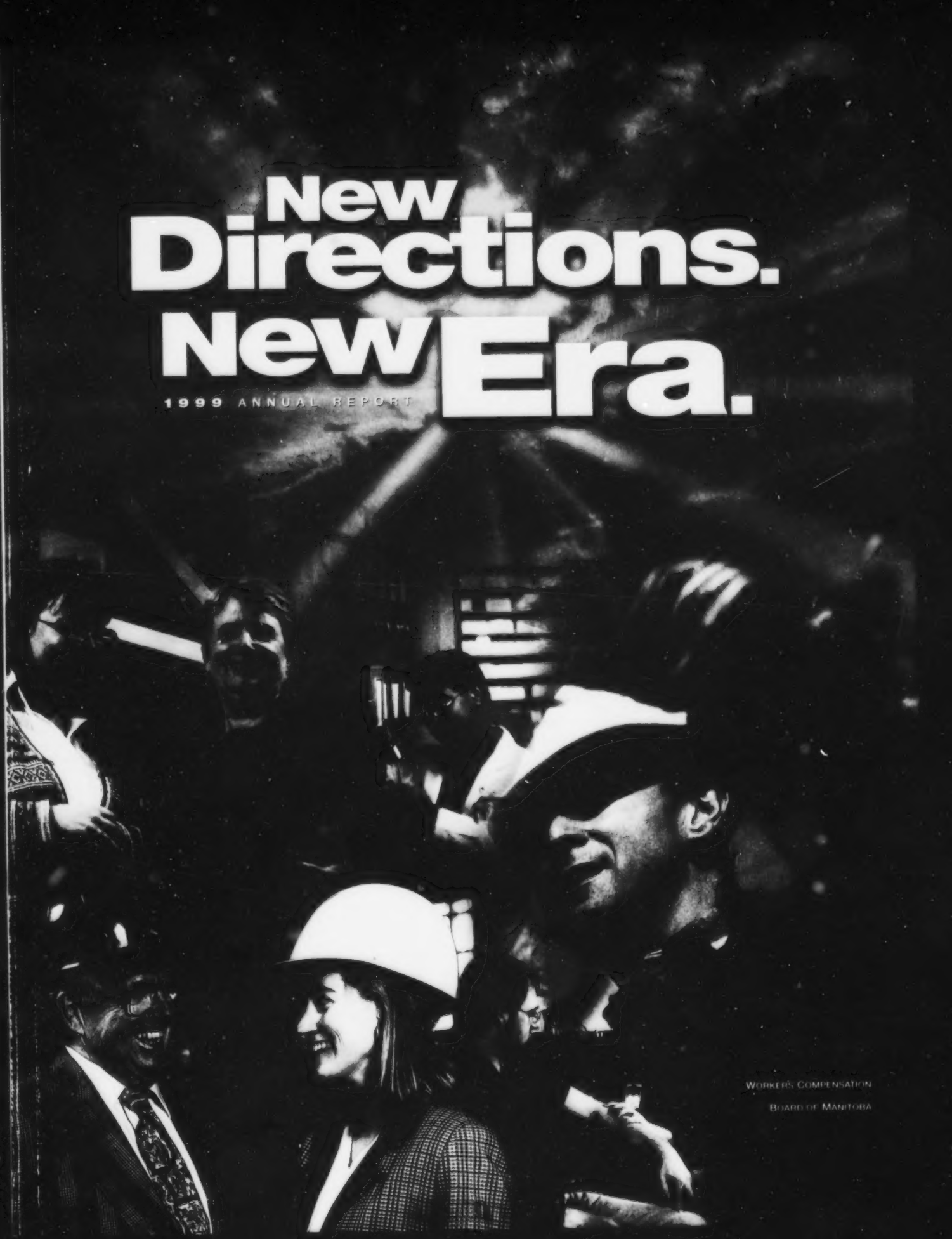
New Directions. New Era.

1999 ANNUAL REPORT



WORKERS COMPENSATION
BOARD OF MANITOBA

March, 2000

The Honourable **Becky Barrett**

Minister Responsible for The Workers Compensation Act

Room 156, Legislative Building

Winnipeg, Manitoba R3C OV8

Letter to the Minister

Dear Minister:

We are pleased to present our 1999 Annual Report in accordance with the provisions of The Workers Compensation Act. This report covers the twelve month period from January 1, 1999 to December 31, 1999. It includes a statement of accounts required to be kept under the Act.

Respectfully submitted,

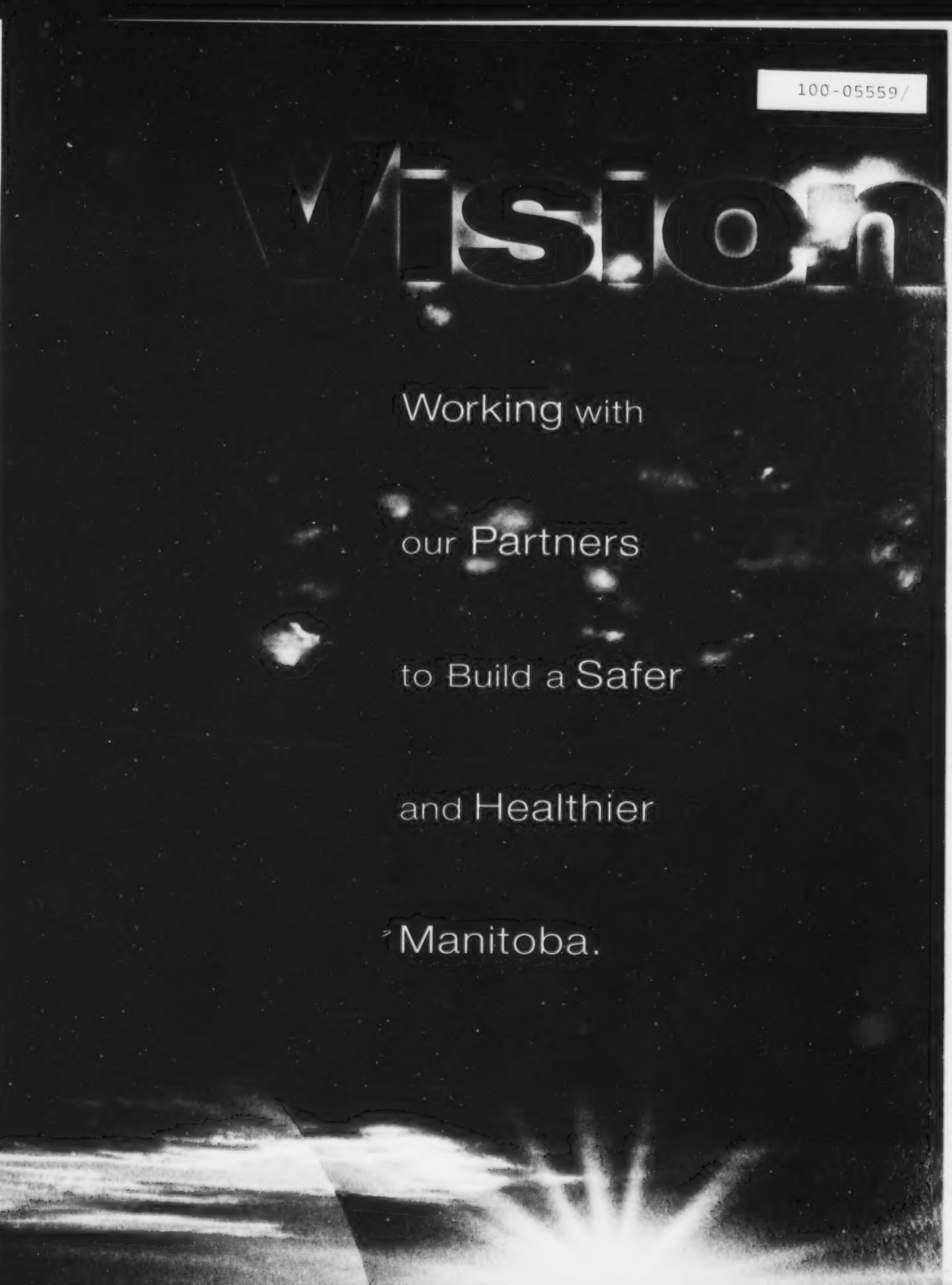
Wally Fox-Decent

Chairperson

Table of Contents

Chairperson's Letter	2
President and CEO's Letter	3
Board of Directors	4
Committees	5
Report of the Fair Practices Advocate	7
Overview	8
Introduction	10
Highlights of 1999	12
Financial Reports	27
- Management's Responsibility for Financial Reporting	29
- Operational Statistics	30
- Management Discussion & Analysis	47
- Statement of Actuarial Opinion	56
- Auditors' Report	58
- Financial Statements for the Year Ended December 31, 1999	59
Five Year Plan	73
Statistics	105

100-05559/


Vision
Working with
our Partners
to Build a Safer
and Healthier
Manitoba.

Chairperson's Letter

"Change" was the major focus in 1999 as we worked with our partners to map out a new direction for the WCB in the new millennium.

The accomplishments made in the past have put us in an ideal position to pursue a broader agenda - to find more ways to keep Manitobans safer and healthier on the job. We worked to create a plan that will help reduce the number of workplace injuries and illnesses; help get injured workers back to health and work sooner; provide superior service to our customers and ensure our capacity to continuously improve.

We will accomplish these goals within a financial framework that is competitive, yet sustainable. Following a 33% reduction in rates over the last three years, in December, we announced rates for 2000 that, despite increases in many parts of Canada, saw the average premium rate remain unchanged. At the same time, we are very mindful that accidents must be reduced if we are to keep premiums low.

To support improved service to our customers, we conducted an extensive review and update of our administrative policies. A number of policy changes resulted which focus on ensuring that workers get the assistance they need to return to health and work as soon as possible. These changes will be introduced in 2000.

Through our continued support and funding of external research and education projects, the WCB assists in the development of effective strategies to minimize the human and financial impact of occupational injuries and disease. The initiatives supported in 1999 will help save lives, prevent work-related injuries and assist injured workers to return to health and work sooner.

The Board of Directors extends thanks and appreciation to the management and staff for their hard work, dedication and continued commitment - especially during this time of tremendous change in the evolution of the WCB. Much of the groundwork was laid in 1999 to enable us to accomplish our aggressive agenda in 2000 and beyond.

I would personally like to express my gratitude to the members of the Board of Directors for guiding the way, as we continue our efforts to build a safer and healthier Manitoba.

Wally Fox-Decent

Wally Fox-Decent
Chairperson

President & Chief Executive Officer's Letter

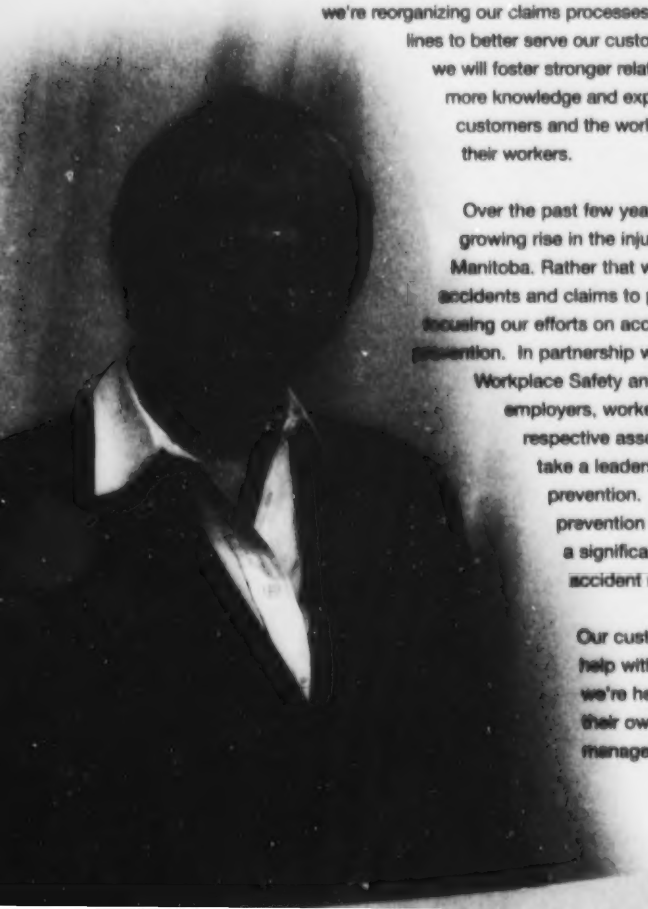
Focusing an organization's energies toward a common purpose can have powerful and profound results. This past year we took several key steps to shift our focus toward the accomplishment of just such a common purpose. We began a concerted effort to work with our partners, to build a safer and healthier Manitoba where:

- *our customers tell us we provide superior service;*
- *fewer workers are injured or ill through work;*
- *workers return to health and work sooner; and*
- *we operate in an environment of continuous improvement.*

We know that we are here to serve the needs of our customers, the workers and employers of Manitoba.

But we know our customers' needs and expectations are changing - and we too must change to keep pace and take even more of a leadership role in Manitoba's future.

Both our customers and our staff have noticed better return to health and work, and lower claims costs when our staff focus on a specific industry or employer, so we're reorganizing our claims processes along industry lines to better serve our customers. In doing this, we will foster stronger relationships, and gain more knowledge and expertise about our customers and the work performed by their workers.



Over the past few years, we've seen a growing rise in the injury rate in Manitoba. Rather that wait for more accidents and claims to process, we're focusing our efforts on accident and injury prevention. In partnership with the province's Workplace Safety and Health Division, employers, workers and their respective associations, we will take a leadership role in injury prevention. Our first goal in prevention is to work toward a significant reduction in the accident rate.

Our customers looked for help with return to work so we're helping them create their own disability management programs.

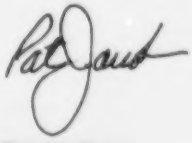
We will continue to work with workers and employers in these efforts that enhance a worker's return to health and work. It currently takes 37 days on average between injury and a healthy and sustained return to work.

Finally, we need to create an environment where we have the capacity to continuously improve. We will accomplish this by utilizing technology for service innovation, keeping our costs and premium rates among the lowest in the country, creating a culture which values accomplishment, improving our investment returns to among the highest in the country and having our staff recognize us as valuing input.

Our staff told us we need a better way to harness good ideas for improvement so we're examining our customer processes. We want to work toward quicker reporting of workplace accidents and illness, better continuity of employment income and enhanced customer satisfaction. We will help create a safety culture in Manitoba and a customer focused culture within our organization.

We are amending over a dozen policies, which will enable us to promote a worker's return to health and work as soon as possible. The policies we have under active review will help us in our goal of reducing the average time a worker remains off the job.

My challenge for you as one of our stakeholders is to help us by supporting our vision - be one of the partners we will need to accomplish this goal. Help us build a safer and healthier Manitoba.



Pat Jacobsen
President & Chief Executive Officer

Board of Directors

STANDING FROM LEFT TO RIGHT

Keith Ferbers (Public Interest Representative) • Barrie Simoneau (Employer Representative)

Barbara Switzer (Public Interest Representative) • Larry McLennan (Employer Representative)

Bruno Zimmer (Worker Representative) • Margaret Day (Worker Representative)

SITTING FROM LEFT TO RIGHT

Pat Jacobsen (President & Chief Executive Officer)

Wally Fox-Decent (Chairperson)

MISSING:

Karen Naylor (Worker Representative)

Bruce Leckie (Public Interest Representative)

Board of Directors

The Board of Directors is made up of ten individuals appointed by the Government of Manitoba from nominations submitted by each of the sectors named. One member is the Chairperson. Three members represent workers, three members represent employers and three members represent the public interest. The Chief Executive Officer is a non-voting member of the Board of Directors.

The role of the Board of Directors is to approve policies on compensation, rehabilitation, assessment and appeal procedures; approve the operating and capital budgets of the WCB; and plan for the future of the compensation system.

The Board thanks Allan Smeall for his many years of dedicated service on behalf of the people of Manitoba. Mr. Smeall served as an Employer Representative from 1992 to 1999.

Policy Committee

The Policy Committee was created under section 51.1(2) and (3) of The Workers Compensation Act. The Committee reviews and recommends changes to existing policy and initiates new policy through consultation with stakeholders of the WCB. It also serves as the Human Resources Committee of the Board.

In 1999, amendments to the following policies were considered by the Policy Committee and subsequently approved by the Board of Directors:

- **Disclosure of File Information**
- **Attendants' Allowances**
- **Clothing Allowances**

In 1999, the Policy Committee reviewed and recommended changes to 15 policies as part of the Administrative Policy Review initiative. The Policy Committee and the Board of Directors will consider the recommended changes in 2000.

Wally Fox-Decent, Chairperson
Pat Jacobsen, President & Chief Executive Officer
Margaret Day
Bruce Leckie (to March 31, 1999)
Keith Ferbers (from April 1, 1999)
Allan Smeall (to September 30, 1999)
Larry McLennan (from October 1, 1999)

Finance Committee

The Finance Committee also serves as the Audit Committee of the Board. It was established to review the financial position of the WCB including the annual budget, assessment rates and related financial policies. In 1999, changes to the WCB's Funding Policy and Rate Stabilization Fund Policy were considered by the Finance Committee and approved by the Board of Directors.

Wally Fox-Decent, Chairperson
Pat Jacobsen, President & Chief Executive Officer
Keith Ferbers (to March 31, 1999)
Bruce Leckie (from April 1, 1999)
Barrie Simoneau
Bruno Zimmer
Alfred Black, Vice President, Financial & Employer Services

Service Committee

In 1999, the Service Delivery Committee and the Grants Committee were combined to form the Service Committee. The Service Committee assists the WCB's administration in accelerating and monitoring service improvements, and recommending approval of funding under the WCB's Community Initiatives and Research Program.

Wally Fox-Decent, Chairperson
Pat Jacobsen, President & Chief Executive Officer
Larry McLennan
Karen Naylor
Barbara Switzer

In performing its function, the Service Committee is assisted by WCB staff. When considering service issues it receives input from the following stakeholder representatives:

Don Halechko, (Worker Representative)
Ken Knapp, (Employer Representative)

Investment Committee

The WCB's Investment Committee was created under Section 95 of the Workers Compensation Act to regularly review WCB investments and provide clear, written direction for the investment portfolio. The investment committee is considering additional opportunities to invest in the Manitoba economy.

Wally Fox-Decent, Chairperson
Pat Gannon, Deputy Minister of Finance
Cal Roberts, Representative of Covered Employers
Pat Jacobsen, President & Chief Executive Officer
Alfred Black, Vice President, Financial & Employer Services
Dan Burton, Investment Consultant
Alan Howison, Retired Investment Officer (Advisor)
Sherman Kreiner, Chief Executive Officer, Crocus Investment Fund (Advisor)

Report of the Fair Practices Advocate

The Workers Compensation Board established the Fair Practices Office to assist both injured workers and employers when they identify issues of fairness or natural justice. The Fair Practices Advocate and her assistants staff the Office. When concerns are raised, a thorough investigation is undertaken. The Fair Practices Advocate may make recommendations to change a decision or an action, if they are found to be clearly wrong or unreasonable.

The Fair Practices Office is not a level of appeal. The levels of appeal are the Review Office, where the board may reconsider its previous decision, and the Appeal Commission. Unlike the Review Office or the independent Appeal Commission, the Fair Practices office does not have the power to reverse, overturn, or stay a decision.

The Fair Practices Office received 848 inquiries in 1999. This compares to 850, 963 and 1079 inquiries in 1998, 1997, and 1996 respectively.

The inquiries handled by the Fair Practices Office in 1999 can be categorized in the following general areas.

Disagreement with Decisions

This category captures all complaints where there is a disagreement related to claims management, benefit entitlement, or termination of claims. Disagreement with decisions made up 36% of the inquiries in 1999. Those that were found to be in error were corrected by the administration.

Timeliness

This category describes issues where claimants waited longer than they thought appropriate. Claimants may have waited for adjudication, benefit cheques, medical aid expense payments or medical treatment authorization. Timeliness made up 24% of issues brought to the Fair Practices Office in 1999.

Communication

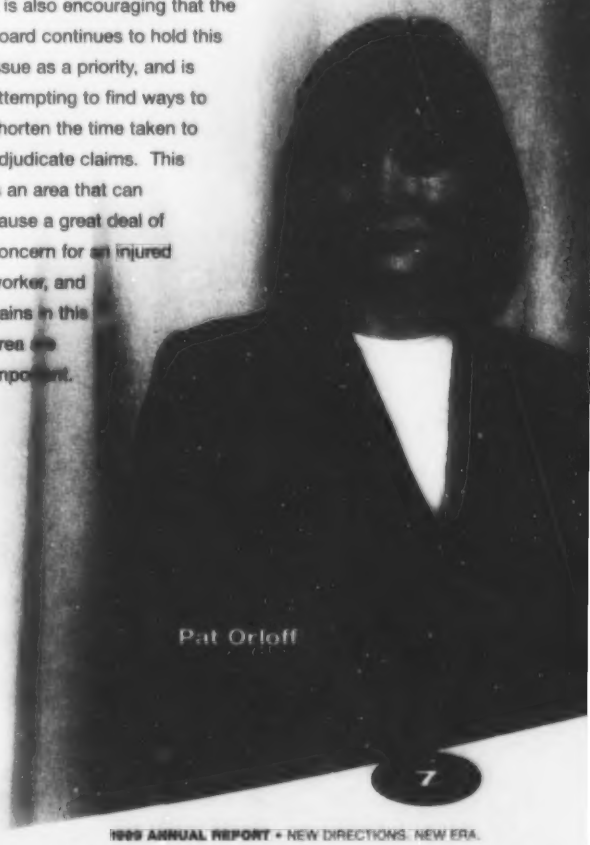
Communication issues deal with complaints where claimants feel they are not getting the information they need when they need it or in a way they understand it. They also include those instances where claimants felt the tone or comments made by staff were inappropriate or disrespectful. In 1999, 15% of calls were in this category.

Information

Information on legislation, board policy and procedure, and claim status was provided to 15% of callers. An additional 8% were referred to other sources. Repeat callers who had been assisted as much as possible in the past made up 2%. There was no further remedy available for this 2% within the mandate of the Office.

For the past three years the report of the Fair Practices Advocate has recognized that many claimants wait too long to have their claim adjudicated. While this remains a concern, it is encouraging to note that there has been a decline in the number of complaints in this area each year for the past three years.

It is also encouraging that the board continues to hold this issue as a priority, and is attempting to find ways to shorten the time taken to adjudicate claims. This is an area that can cause a great deal of concern for an injured worker, and gains in this area are important.



THE WORKERS' COMPENSATION SYSTEM

An Overview

The workers' compensation system is an accident insurance system for employers and workers, established early in this century to replace the tort system (legal action through the courts), for determining compensation for workplace injuries. Employers pay for the system and are protected against direct liability for workplace injuries or diseases sustained by their workers. In turn, workers who are injured through employment are entitled to no-fault compensation.

In Canada, workers' compensation is a system of insurance. The extent of WCB-covered industries is determined by legislation. In situations where compulsory coverage does not apply, organizations can purchase coverage on a voluntary basis. Assessment premiums are levied upon employers and are pooled in a common fund out of which benefits are paid to workers who are injured as a result of their employment. The Workers Compensation Board carries out administration and adjudication in each provincial jurisdiction in accordance with provincial legislation and board policies.

The fundamental concepts of The Workers Compensation Act of Manitoba, enacted in 1916 and amended subsequently over several years are: no-fault compensation; no right of action; exclusive jurisdiction; universal coverage; collective liability; and a tripartite format.

No-Fault Compensation

With no-fault compensation, benefits are paid to injured workers regardless of fault of either the worker or employer who contributed to the accident. The injured worker is eligible for some form of compensation for the duration of the injury's impact on the worker's employment.

No Right of Action

According to this principle, workers give up their right of legal action in return for the certainty of compensation. A worker injured in the course of employment cannot successfully sue his or her employer for damages.

The inability to sue relieves both employers and workers from having to engage in the costly and time-consuming court battles that took place prior to workers' compensation legislation.

However, if there is third party involvement in an accident causing injury to a worker, the worker may have the right to decide either to sue the third party involved or to receive compensation benefits. If the worker chooses compensation benefits, the Workers Compensation Board may proceed with a suit against the third party in order to recover costs. Any money recovered over and above the Workers Compensation Board's costs is paid to the worker.

Exclusive Jurisdiction

The Workers Compensation Board of Manitoba retains exclusive jurisdiction or authority when deciding matters under legislation. However, a worker or employer who disagrees with a decision may appeal that decision through the appeal process.

Universal Coverage

The concept of universal coverage is one under which all workers in mandatory industries would be eligible for benefits. While the majority of industries and workers in Manitoba are covered, slightly over one-third of Manitoba's employed workers remain uncovered. Industries covered by the program are named in a Schedule to the Act. Industries not specifically named are, by default, not covered. (The Act makes provision for voluntary coverage by application.)

Collective Liability

All costs associated with the compensation system are covered through levies on employers. Employers in covered industries share financial responsibility for the benefits paid to, or on behalf of, injured workers, as well as medical aid and administration costs. In Manitoba, employers who experience frequent and severe accidents pay higher premiums than employers in similar industries who have better safety records. Employers may, under certain criteria, be self-insured and be responsible for the direct costs of their workers' compensation claims as they occur, plus the costs of administering those claims.

Tripartite Format of Governance

The Manitoba workers' compensation program is based on a tripartite system - three different backgrounds working together - those being workers, employers and the public interest. Equal numbers of representatives of each group make up the Board of Directors, and the Policy, Finance and Service Committees. This ensures that each group's interests are represented throughout the program.

Such a tripartite format, balancing the interests of workers, employers and the public respectively, is widely recognized in industrial relations circles as being the best model for problem solving or dispute resolution.

Charting a New Path.

In past years, The Workers Compensation Board of Manitoba saw itself primarily as a provider of workplace compensation insurance to Manitoba workers and employers. During this period, the board set a goal of providing superior compensation insurance to workers and employers in Manitoba, and had achieved significant progress towards the goals of financial stability, stakeholder input and improving the quality of our client services.

However, the WCB determined that given the existing workforce demographics, employment and injury trends, if changes were not made to WCB's direction we could expect:

- **A decreasing percentage of the province's workforce to be covered**
- **Longer average duration in claims**
- **Increased injury rates**
- **Increased medical aid costs and claims costs**
- **Continued client demand for improved services**

These factors would lead to more injured and ill workers, greater disruption in workplaces for employers and an increase in needless pain and suffering by workers and their families. These outcomes are detrimental to the province's people and economy and are contrary to the principles of the WCB.

In 1999, the WCB turned its attentions to the new challenges of minimizing the risk and impact of workplace injuries and illnesses, and building the organization's capacity to meet the future needs of Manitoba's workplaces. The WCB began the process of realigning its handling of claims along sectoral lines; significant ground work was laid towards ensuring the board's benefit policies become fairer for workers and reduce the impact of their injuries; and our strategic alliance with Workplace Safety and Health division was strengthened.

For this next strategic planning period, the board has adopted as its vision statement:

This statement will define and guide the operations of the board and its staff in future years. The changes initiated last year started us on the way towards accomplishing our new vision.

We have four fundamental goals and several measures of our successes:

1. Fewer workers become injured or ill:
   -
   -
2. People return to health and work sooner:
   -
   -
3. More customers say we provide superior service:
   -
   -
   -
4. We have the capacity to continuously improve:
   -
   -
   -
   -
   -
   -

The board will examine the way we work internally to find new and better ways of building a safer and healthier Manitoba. That process was started last year as the board began to reorganize itself to better deal with its clients and stakeholders.

The internal process will continue and then expand, to look more closely at the way we work as a province to help workers and employers build a safer and healthier workplace for the benefit of all Manitobans. We can't do this alone. We will further strengthen our alliance with the Workplace Safety and Health Division of Manitoba Labour.
We will also involve other strategic partners, such as employers and their associations, workers, labour unions, workplace safety and health committees, the Manitoba Safety Council and other safety associations.

Through this ongoing process, the Workers Compensation Board of Manitoba plans to make itself an integral and proactive agent of change in the province to improve the health and lives of Manitoba workers and their families.

In short, the WCB will improve the safety and health of Manitobans through the way we work.

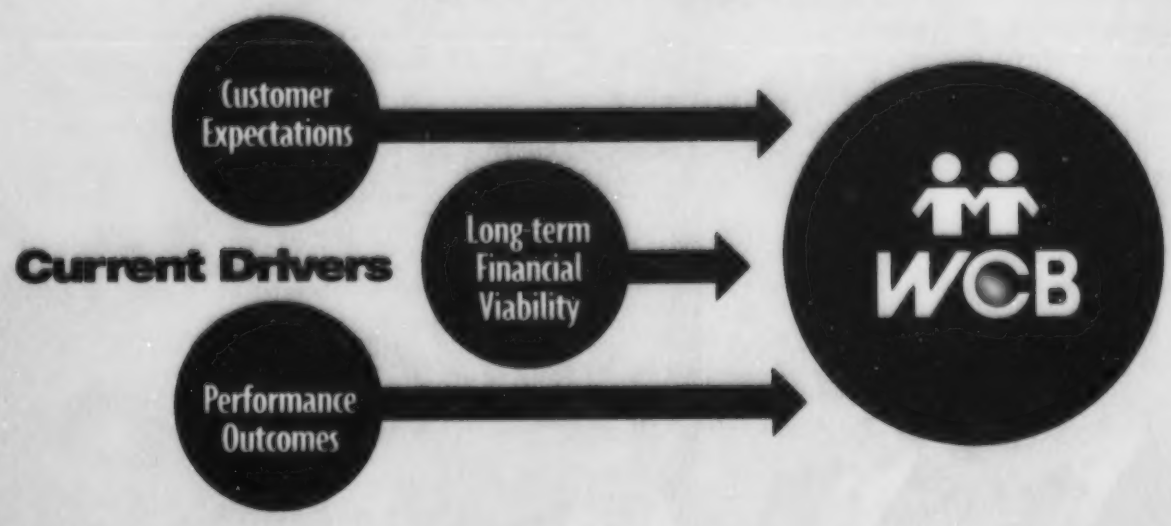
Highlights of 1999

1999 POINTED TO NEW DIRECTIONS INITIATIVES FOR THE WCB

A Case for Change

During 1999, the WCB took the first steps towards a major structural reorganization. This reorganization will assist the board in its evolution from an administrator of the Workers Compensation Act, to a more proactive partner in improving the safety and health of Manitobans while lessening the impact of workplace accidents and illnesses. To be successful, the board needs to deliver customer service that is viewed by our stakeholders as superior. The WCB will support these efforts by cultivating an environment for continuous improvement within the board. This is the board's focus as it enters the 21st century.

But why should the WCB change at this time?



An important aspect of change in an organization is building an understanding of the driving force behind that change. The current drive for dramatic and sustainable change at the WCB comes from the awareness of rising customer expectations, current customer satisfaction, and a necessity for long-term financial viability.

While the WCB's premium rates and administrative costs were among the lowest in the country, there were some areas where the board's benefits were not comparable to those in the other western provinces. A review of the board's policies revealed those policies that required change to improve benefits for the board's clients.

Time allows the board to plan for and manage drivers of change, such as the changing environment and demographics of Manitoba workplaces, the evolving state of technology, competition from private insurers and the trend towards partnering with like businesses, as they present themselves. Changing now, in a time when the forces acting upon the WCB are in relative balance, allows the board to position itself for the future.

The WCB unveiled its new internal organizational structure in January of 1999, designed to support service improvement and provide the infrastructure for continued improvement.

The management team includes, ***standing from left to right:***

Al Black, Vice President of Financial and Employer Services

Tom Edgeworth, Vice President of Reengineering and Technology

Peter Jacobsen, President & Chief Executive Officer

Sid Rogers, Vice President of Corporate Development

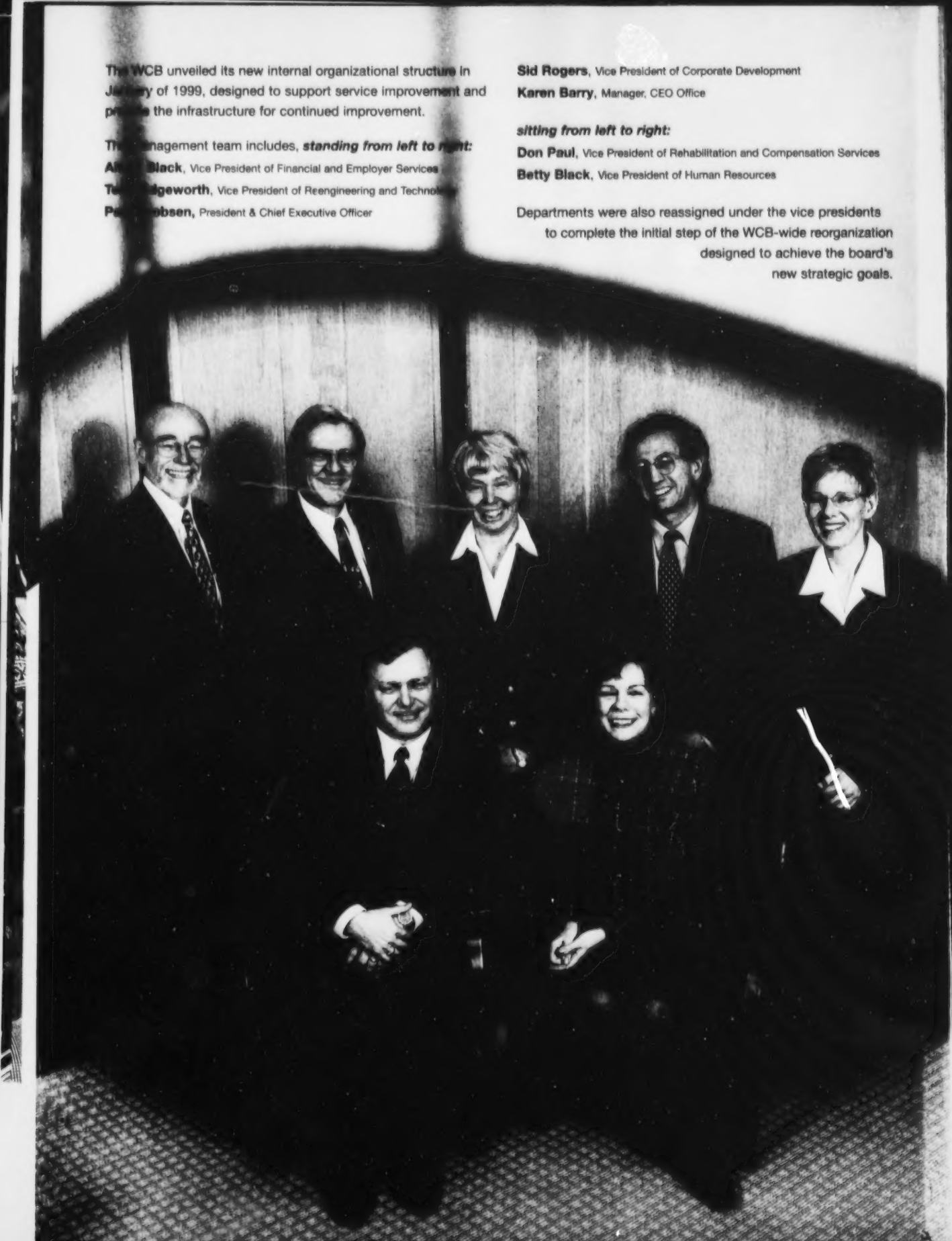
Karen Barry, Manager, CEO Office

sitting from left to right:

Don Paul, Vice President of Rehabilitation and Compensation Services

Betty Black, Vice President of Human Resources

Departments were also reassigned under the vice presidents to complete the initial step of the WCB-wide reorganization designed to achieve the board's new strategic goals.



Improving Our Services to Workers & Employers

The WCB's reorganization commenced in January of 1999 with the announcement of a new management and departmental structure.

"The reorganization will build upon the foundation created by our progress in service delivery, financial stability and stakeholder consultation," says WCB President and CEO Pat Jacobsen. "Significant change is occurring within the Manitoba workplace, and the WCB must ensure that its services keep pace with the changing industry and worker mix. I believe we can make the biggest impact by returning workers to health and work sooner."

Delivering service along industry sectors

The internal reorganization sets the stage for a major shift in the way the WCB provides service. Both workers and employers viewed the board's pilot project, where dedicated WCB staff teams worked with specific workplaces, as a more effective method of delivering service. Diane Gantzel, an Occupational Health Nurse at Deer Lodge Centre, agreed.

"We may have eight to 10 people on workers compensation at any time, and it's much more effective for us to deal with one adjudicator for all of them instead of one adjudicator for each separate claim," she says. "It works better for all of us - the employer, the worker and the adjudicator. There is a better flow of information and it's much quicker. It also allows us to have better informed discussions with the WCB about what is possible in terms of modified work and return to work options for our injured workers."

The board is now structuring its service delivery along industry sector lines. This is being integrated into work already done creating a new case management model for claims service. This new model features a single point of contact, the case manager, for injured workers and their employers. Case managers then oversee the delivery of adjudication, health care, functional rehabilitation and vocational rehabilitation throughout the duration of a claim. Reorganizing along sectoral lines will lead to WCB staff who are more familiar with the employers, the workplaces and the types of work involved in each industry.

"The new sector-based Case Management model works better for all of us - the employer, the worker and the adjudicator. There is a better flow of information and it's much quicker. It also allows us to have better informed discussions with the WCB about what is possible in terms of modified work and return to work options for our injured workers," says **Diane Gantze**, an Occupational Health Nurse at Deer Lodge Centre, (right), with **Anita Olafsson**, WCB Adjudicator (left).

The new multi-award Case Management model provides several key benefits for workers and employers. These include:

- Quicker service through reduced transfer of files between staff
- Better service through increased continuity of services for injured workers
- More responsive service through enhanced accountability, and
- Better results through strengthened partnerships with employers, injured workers and their associations.

The new model applies to the 15 percent of claims that involve more serious injuries or are more complex. Managing these claims is the focus of the largest percentage of the board's Rehabilitation and Compensation Division. These efforts include active involvement to promote early recovery, management of healthcare treatment including reducing pain, maintaining a workforce connection or, in some cases, providing vocational rehabilitation services.

The remaining 85 percent of claims consist of no timeloss claims or claims that usually see workers back on the job within 8 weeks. The WCB's Short-Term Claims unit will handle these claims.

Business Processes Examined

Dramatic improvements in customer service can result when an organization takes a serious look at how it operates. In 1999, the WCB adopted a tool for change called Business Process Renewal (BPR). This process looks at how, when and where work is done in an organization (the business processes) in order to achieve dramatic improvements in service, quality, speed and cost.

Building the foundation and capacity for change at the WCB began in 1999. The WCB BPR team was established and trained in a business process redesign methodology. The team is now an important resource to WCB staff as they redesign the board's business processes and more significantly, redefine the board's approach to business and customers.

Albert Van Huizen, WCB Client Services Representative (left) and **Brad Ramey,** Palliser Furniture's Corporate Health &and Safety Manager (right).

Board Funds research and Community projects

Another important way the WCB can build a safer and healthier Manitoba is to foster partnerships with others that share that goal. The board furthered such projects in 1999 by providing $1,000,000 to nine community organizations in support of research and education programs.

All the community research and education programs follow specific funding policies under the board's Community Initiatives and Research Program.

The Organizations that received funding included:

- Manitoba Federation of Labour Occupational Health Centre, Inc.
- Deer Lodge Centre
- Canadian Centre on Disability Studies
- Winnipeg Labour Council and Winnipeg Boys and Girls Club
- Manitoba Neurotrauma Initiative
- Manitoba Head Injury Association, Inc.
- University of Manitoba, Schools of Medical Rehabilitation
- NOR-MAN Regional Health Authority
- Injured Workers Association of Manitoba, Inc.

The 1999 projects approved for WCB funding include:

A major project that received WCB support through the program is the Workers of Tomorrow Health and Safety Campaign. The program promotes awareness among young people entering the workforce of potential risks to their health and safety.

Under the Community Initiatives and Research Program, established in 1997, the WCB may fund research and programs on accident and disease prevention, safety in the workplace, treatment of workplace injuries and scientific, medical or other issues related to workers' compensation.

Staff Input Expands Benefits to Workers

As part of a larger policy review, the WCB took a close look at its policies to improve recovery and return to work, fairness, and the administration's flexibility to address each client's individual circumstance. This process began in November of 1998, when the staff and worker groups were invited to identify policies that required updating.

In the end, 15 policies were identified as needing refinement. All future claims will be affected in a variety of ways by changes made in the policies.

Inviting input from staff brought out a wealth of ideas that will in turn support earlier return to health and work for Manitoba workers. Staff members from different disciplines within the WCB added the strength of varied perspectives to the policy changes. The result is policies that benefit the worker, and helps returns that worker to health and work sooner.

Policies under review by the WCB's Policy Committee involve benefits and services designed to:

-
-
-
-
-
-
-
-
-

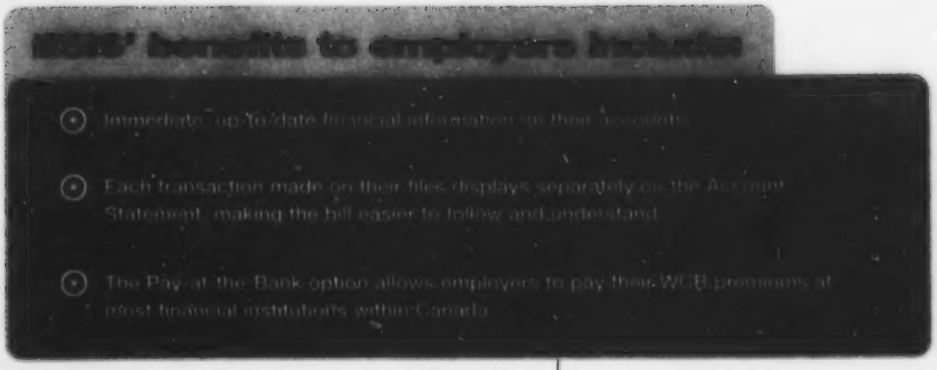
Responding to Employers' Needs

New Employer System among the Largest Information Technology Project in WCB History

WCB Employer Services staff worked toward a milestone event - the January 2000 debut of the Employer Services Information System (ESIS). ESIS is a computer system that processes and records employer transactions more efficiently, shares information with employers quicker, and enhances the information received by employers.

"The client server system allows the WCB to enter transactions and update an employer's file information in real-time on the system." ESIS is a powerful tool created to help the WCB enhance the services provided to its customers. - in this case, 22,000 registered employers."

The project, designed to take advantage of new technologies, has taken five years to become fully operational. ESIS replaces the 17-year old CICS (Customer Information Control System).


WCB' benefits to employers include
Immediate, up-to-date financial information on their accounts
Each transaction made on their files displays separately on the Account Statement, making the bill easier to follow and understand
The Pay at the Bank option allows employers to pay their WCB premiums at most financial institutions within Canada

Widows' Benefits Reinstated

The WCB announced in May that it would reinstate the survivor benefits of all widows/widowers of workers killed in workplace accidents in Manitoba, whose benefits were terminated on remarriage or common-law relationship after the Canadian Charter of Rights and Freedoms came into effect in 1985. The policy also ends any possible termination of survivor benefits as a result of remarriage in the future.

The WCB reinstated benefits to 45 widows/widowers, which should cost $28.7 million over the life of the claims.

Widows/ Widowers Receive Special Payment

Provincial legislation was enacted in June providing for a special $83,000 payment for widows/widowers whose WCB benefits were terminated because of remarriage before the Canadian Charter of Rights and Freedoms came into effect in 1985. Approximately 120 individuals are expected to benefit from the legislation.

The one time, tax-free payments were made by the WCB upon application from eligible widows/widowers. The WCB estimates the total cost to be approximately $10 million.

Premium Rates Drop 20 percent

Average rate $1.49/$100 Among Lowest in Canada

For the third consecutive year, Manitoba employers paid less for their workers' compensation coverage. In 1999, the average premium rate for employers dropped from $1.86 to $1.49 per $100 of assessable payroll - down 20 percent from 1998.

Ninety-four percent of firms saw lower premium rates in 1999 compared to 1998. More than 18,000 firms saw savings of 15-20 percent. A small group of firms had their rates reduced by between 20-33.5 percent. Approximately 1,200 firms still paid increased rates as a result of poor industry and/or individual firm accident experience.

The industries that received the largest rate cuts (20-25 percent) included: manufacturing, transportation, mining, service and retail/wholesale trades.

The premium rate cuts resulted in $28 million in savings for Manitoba employers.

In December, the WCB announced that the average premium rate would not change in 2000. At the same time, employers were advised that continued high accident frequency would cause upward pressure on rates if unchecked.

Although the WCB's strong financial position helped keep the board's rates low for 2000, the most effective way to maintain low rates is to create safer and healthier workplaces.

See page 32 for a graph of Average Assessment Rates 1995 - 2000.

40 KOMATSU

1999 WCB

Ensuring fewer workers become injured or ill through work

- Began rate model review project to encourage safety and prevention activities.
- Implemented on-line access to accident data for Workplace Safety & Health (WS&H) to support analysis of accident trends and provide firm profiles.
- Began developing a plan to deal with the unique risks of young workers.
- Targeted high-risk work sites.
- Provided timely, relevant claims management information to employers
- Began efforts to explore expansion of coverage to Manitoba workplaces not currently required to be covered under the Act.
- Funded $1,000,000 towards research and education programs designed to reduce the risk and impact of workplace injuries and disease.

Returning workers to health and work

- Developed a new organizational plan that implements a case management and customer-focused structure.
- Successfully implemented provincial legislation and WCB administration dealing with widows/widowers of deceased workers.
- Reviewed key administrative policies affecting injured workers
- Continued the examination of best practices in disability management.

Building capacity for continuous improvement

- Developed a long-term sustainable funding policy
- Initiated the corporate performance measures and leadership development program to help management create performance targets, improve performance and measure progress.
- Developed the Business Process Renewal plan and established a core department to lead the project.
- Successfully implemented
  - strategies for Y2K readiness
  - external e-mail abilities for staff
  - electronic transfer of data sharing with Workplace Safety & Health Division of Manitoba Labour
  - enhancement to the Medical Review Panel scheduling system
- Completed an analysis of telephone service issues and developed strategies to improve telephone service at the WCB.
- Developed and implemented training fo new adjudicators, staff changes because o new sectoral restructuring and policy enhancements.
- Initiated the development of a new long term direction for the board.

Significant Accomplishments

Provide Superior Service

■ Completed Days to Notification analysis and developed strategies to reduce days to notification, including the development of new reports to track days to notification against our target.

■ Developed the Employer Services Information System (ESIS), designed to make dealing with the WCB more efficient for employers.

Overall Employer Satisfaction

Overall (out of 10)	**7.4**
Clear communications of claims	7.5
Flexible in meeting your needs	6.5
Knowledgeable assessment staff	7.7
Courteous assessment staff	7.8
Ease of reporting accidents	7.9
Fairness in dealing with employers	8.4
Assessment system fairness	7.1
Assessment system well understood	5.9
Value for assessment premiums	6.9

Overall Worker Satisfaction

Overall (out of 10)	**7.0**
Explanation of your benefits	7.3
Info about the WCB and its processes	7.0
Personal attention	6.6
Sharing info with you	6.8
I was fairly treated by the WCB	8.2
Letters are easy to understand	8.6
I received all I was entitled to	7.8
Staff were helpful	8.2
Staff cared about me	6.5

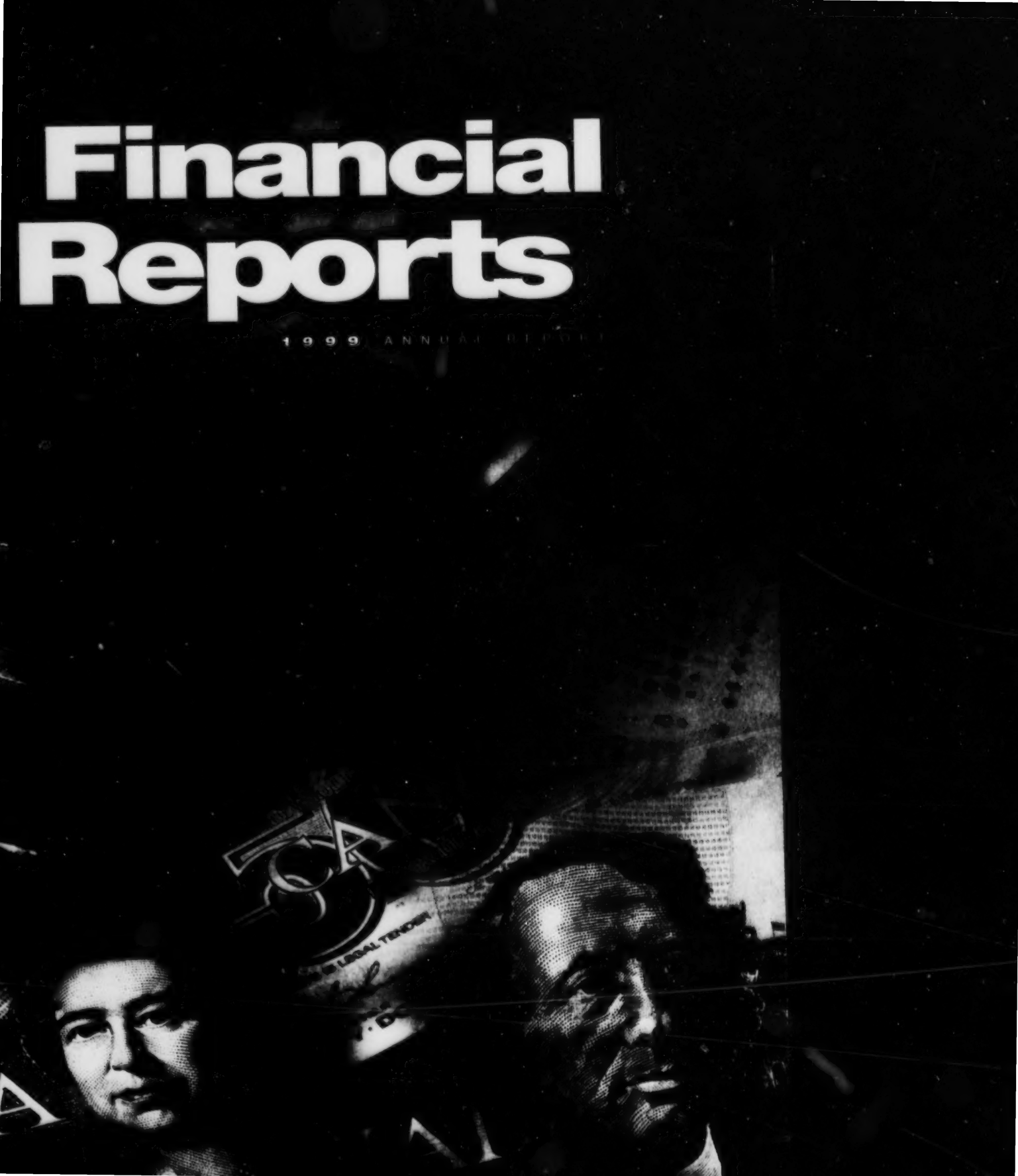
Year at a Glance

	1999	1998
Claim Costs	$ 135.3 m	$ 173.1 m
Employers	22,962	22,413
Premium Revenue	$ 129.2 m	$ 151.9 m
Investment Revenue	$ 61.8 m	$ 64.7 m
Accident Fund Balance	$ 20.0 m	$ 20.0 m
Rate Stabilization Fund Balance	$ 57.1 m	$ 48.6 m
Average Actual Premium		
Rate (per $100 of Insurable Earnings)	$ 1.49	$ 1.86 r
Number of Reported Claims	45,652	45,999
Number of Accepted Time Loss Claims	19,243	19,077
Average Duration of Claims (composite measure - all years)	40.9 days	40.8 days
Accepted Fatalities	21	29

r - revised m - million

Financial Reports

1999 ANNUAL REPORT



Financial Reports

Table of Contents

Management's Responsibility for Financial Reporting	29
Management Discussion and Analysis	30
Operational Statistics	47
Statement of Actuarial Opinion	56
Auditors' Report	58
Financial Statements for the Year Ended December 31, 1999	59

Management's Responsibility for Financial Reporting

The financial statements of the Workers Compensation Board of Manitoba were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in the annual report conforms to these financial statements.

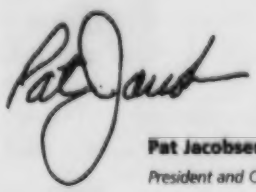
In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal Auditor performs periodic audits designed to test the adequacy and consistency of the board's internal controls.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and has approved the financial statements and other financial information included in the annual report.

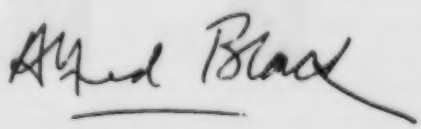
The Board of Directors is assisted in its responsibilities by the Finance Committee. This committee reviews and recommends approval of the financial statements, budgets and annual reports. The Finance Committee meets periodically with management, internal and external auditors and actuaries concerning internal controls and all other matters relating to financial reporting.

The firm of William M. Mercer Limited has been appointed as the independent consulting actuary to the board. Their role is to complete an independent review of the actuarial valuation of the benefit liabilities included in the financial statements of the board and to report thereon in accordance with accepted actuarial practices.

PricewaterhouseCoopers, the external auditors of the board, have performed an independent audit of the financial statements of the board in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.



Pat Jacobsen
President and Chief Executive Officer



Alfred Black
Vice President, Financial and Employer Services

1999 Management Discussion and Analysis

As an integral part of the Annual Report, the Management Discussion and Analysis provides further insights into the operations and financial position of the board.

The board operates under the authority of *The Workers Compensation Act* and is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to injured workers and for levying and collecting assessment revenues in an amount sufficient to cover the current and future costs of workplace injuries. The board obtains its revenues from (i) premiums charged to Class E (general body) employers based on assessable payrolls; (ii) assessments from self-insured employers; and (iii) income from its investment portfolio.

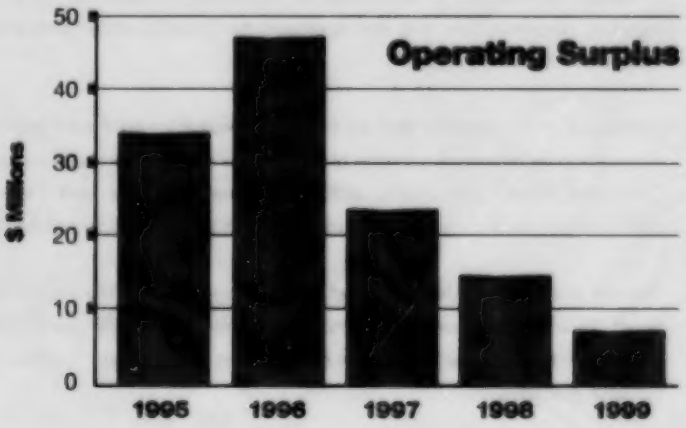
The board receives no funding from the Government of Manitoba. It provides funding to the government to cover 95% of the costs of operating the Workplace Safety & Health division and 100% of the Worker Advisor Office.

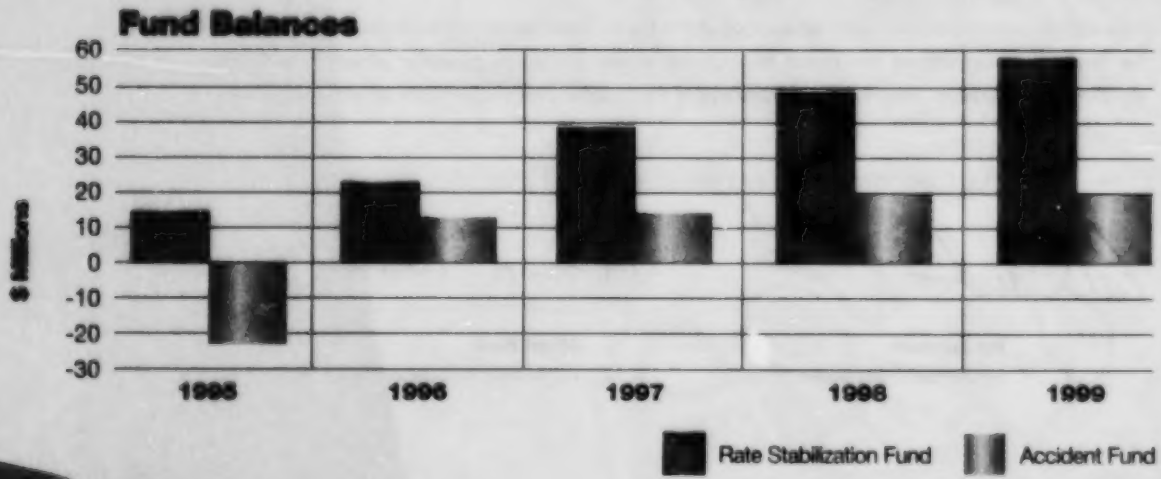
The board insures approximately 63% of the workers in Manitoba, employed by approximately 23,000 covered employers.

Financial Highlights

Results of Operations

The board recorded an operating surplus of $8.5 million in 1999 (1998, $14.7 million) which was allocated to the rate stabilization fund balance.





At the end of 1998, the board announced that 1999 assessment rates would decrease by an average of 20%. This led to a decline of 15% in total premium revenue for the year. Coupled with continuing strong, albeit lower, investment returns, total revenue fell $25.6 million or 11.8% from 1998.

Included in total claim costs incurred of $135.3 million (1998, $173.1 million) is a charge of $11.1 million (1998, $27.6 million) for the payment of benefits to the remarried spouses of workers who died as a result of workplace injuries. Legislation and policy prior to 1999 did not provide for the continuation of survivor pension benefits where the surviving spouse remarried. Policy changes by the Board of Directors in 1999 entitled 45 widows and widowers to receive a reinstatement of pension benefits. New legislation enacted in June, 1999 entitled surviving spouses who remarried before July 1985 to receive a special $83,000 payment. To December 31, 1999, 100 payments had been made and a further 20 payments are budgeted to be made before the deadline of May 31, 2001. The full expected cost of these initiatives, $38.7 million, has been recorded in the financial statements.

After backing out actuarial adjustments to the benefit liabilities model for the funding of the long latency occupational disease liability and the spousal remarriage liabilities (1999, $11.1 million; 1998, $53.3 million), total claims costs rose moderately, i.e. by 3.7%, in 1999 over 1998. Reversing the trend from 1997, the number of reported accidents decreased, although only by 0.8%, which was lower than the growth in employment levels. As in 1998, the manufacturing and construction sectors, fueled by increasing economic activity, led the way with the largest increases in claim costs.

Service improvements at the board decreased the unadjudicated claims backlog and thus, despite a marginal decrease in reported accidents, active claims rose 3.7%. As overall duration dropped slightly and costs per day increased by a small amount, the cost per claim is relatively unchanged from 1998.

The operating surpluses for 1999 and 1998 may also be attributed to certain actuarial factors as follows:

($000)	1999	1998	Change	Percentage Change
Assessment revenue less than current year expenses	(6,596)	(12,451)	5,855	47%
Investment income in excess of liability requirements	13,500	19,900	(6,400)	(32%)
Lower actuarial liabilities than previously anticipated	1,600	7,300	(5,700)	(78%)
Operating surplus	8,504	14,749	(6,245)	(42%)

In examining this table, note that assessment revenue should roughly equal current year costs, otherwise transfers to/from future or past employers are occurring. Over the long run, investment income can be expected to equal the assumed actuarial returns, at nominal discount rates, relative to liabilities. Actuarial adjustments, in a stable system, should be held to marginal levels, reflecting fluctuations in estimation or fine-tuning of models. Three years' experience with funding a long latency reserve were completed in 1998 and the cost of providing benefits to surviving spouses was recorded over 1998 and 1999. A return to stability in the actuarial liability is expected.

Three Year Funding Strategy

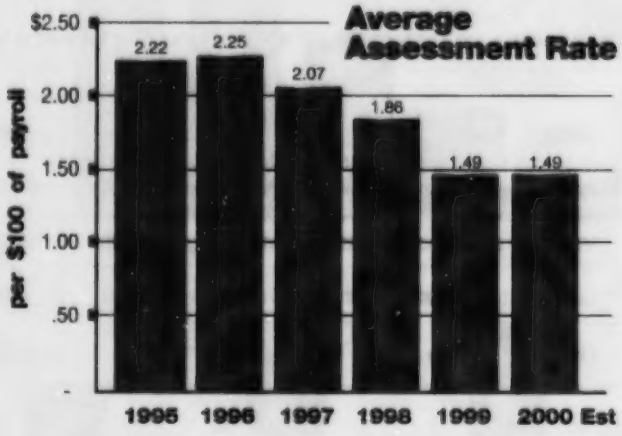
1999 marked the conclusion of a three-year funding strategy adopted by the Board of Directors in 1996. The highlights of the activities in each of the three elements are as follows:

1 Over the course of the three years, the two fund balances were increased to protect the board and its stakeholders from general business risks and catastrophic events.

During 1999, $8.5 million was allocated to the Rate Stabilization Fund Balance, bringing its balance to $57.1 million – up from $24.9 million at the end of 1996. Early in 1999, the Board of Directors adopted a new policy which requires that the target for this Fund Balance be calculated each year, to ensure that the continuing growth of the scale of the board's business and, correspondingly, of the board's risks is reflected in the level of the Rate Stabilization Fund Balance. The target for the Rate Stabilization Fund Balance, based on 1999 year-end balances, is $64 million. This target is projected to be achieved in 2000.

The target set in 1996 for the Accident Fund Balance, i.e. $19.15 million by December 31, 1999, was achieved at December 31, 1998 when the balance grew to $20.0 million. As with the Rate Stabilization Fund Balance, the Board of Directors approved a new funding policy for the Accident Fund in 1999. The new policy sets out a floating target level for the Accident Fund based on modifications of a formula used by the Office of the Superintendent of Financial Institutions, Canada for solvency analysis of private insurers. This new funding policy was reviewed by two independent firms of actuaries to confirm that the Accident Fund Balance would remain responsive to the changing levels of business risk affecting the organization. The target balance for the fund, based on December 31, 1999 balances, is $34 million, which is budgeted to be met in 2004. The funding policy also stipulates how operating surpluses will be distributed when full funding is completed.

2 A reduction of 20% in general assessment rates for 1999 was announced in December 1998. This marked the third consecutive year of rate reductions following cuts of 5% for 1997 and 8% for 1998. Similar to the methodology used for the 1998 reduction, the first 5% of the 1999 decrease was across-the-board to all employers, with the remaining 15% allocated on the basis of each employer's claims experience. This completes the original strategy of three annual decreases of at least 5% each.



3 Development of service-related improvements continued in 1999. The most significant strategic initiative underway is the reorganization for the case management model which will see one board contact for both the injured worker and his/her employer during the claim period. Teams are being developed which will focus on individual industries, to enhance the expertise in dealing with claims and issues relating to that industry. Planning and structure creation are now completed, with the staffing and training phases presently in process. It is expected that the Case Management Model will be operational by the fall of 2000.

Balance Sheet

Assets

Cash

As a result of the reductions in assessment rates over the past three years, the cash flow generated by operations has substantially decreased, placing an even greater reliance on the returns generated by the investment portfolio. As such, and as a result of payments made to remarried surviving spouses, the board's cash balances have been allowed to decrease to very low levels. Periodic withdrawals were made from the investment portfolio to buttress operational cash flows. In addition, the board has arranged credit facilities with both its main banker and the Treasury Division of the Province of Manitoba to provide short-term loans to smooth out cash flow peaks and valleys; maximum borrowings during 1999 were $16 million.

Receivables

The vast majority of receivables relates to monies owed by employers for 1999 premiums. The balances outstanding are high by historical standards as a result of the dramatic increase in the utilization of the quarterly assessment option first offered to employers in 1997. This option allows employers with annual premiums in excess of $100,000 to pay their assessments in arrears, instead of paying instalments in advance. Enrolment in this option has reached 48% of the board's annual Class E premium revenue (up from 44% in 1998).

Investments

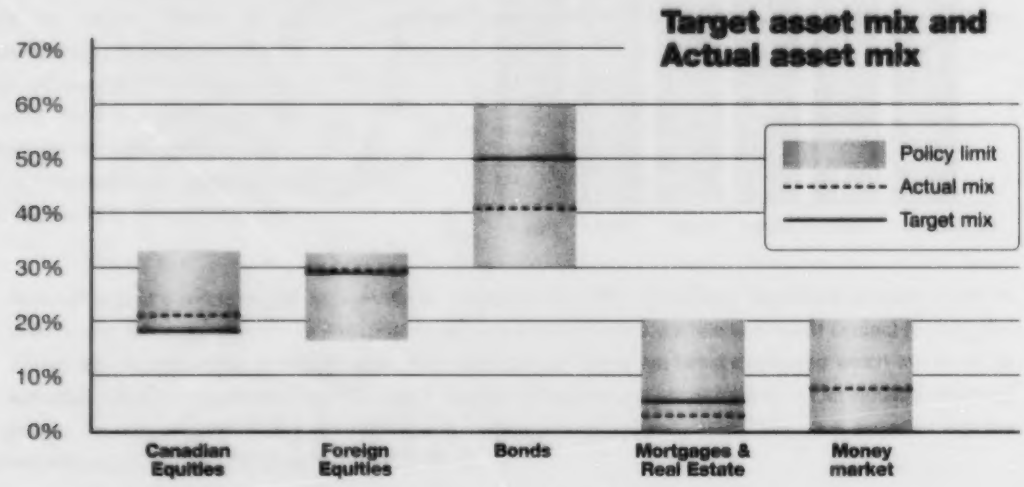
The board's investments are superintended by an Investment Committee, as stipulated in *The Workers Compensation Act*. The Committee includes the Chairperson of the Board of Directors, the Deputy Minister of Finance and an appointee representative of Class E employers. The Committee oversees the board's formal Investment Policy, which was amended for 1999 to refine investment objectives by asset class and to fix asset class allocations.

The investment targets set by the Investment Committee for the Investment Portfolio are:

- a minimum annual real rate of return of 3.5%,
- a ranking, based on investment performance, in the second quartile of like funds as measured annually and over several years; and
- specific results by asset class, as follows:

Asset Class	**Benchmark Targets** (in $ Canadian)
Canadian equities	TSE 300 + 2%
U.S. equities	S&P 500 + 3%
Europe, Australia & Far East equities	EAFE Index + 3%
Emerging market equities	Morgan Stanley Emerging Markets Index + 3%
Bonds	Scotia McLeod Universe + 0.5%
Mortgages	Scotia McLeod Mortgage Index + 0.75%
Real Estate	Russell Property Index + 0.75%
Money market	Scotia McLeod 91 day T-Bill Index

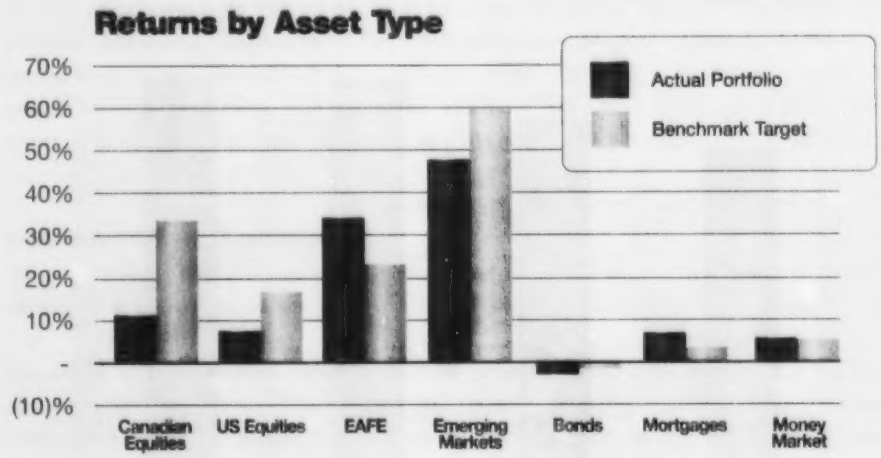
The board's investment portfolio is diversified among a variety of asset classes in order to optimize returns and minimize risks. The 1999 asset mix as defined by the investment Policy and the actual asset mix based on market values at December 31, 1999 are as follows:



The market value of the board's investments paralleled the financial markets, with equities producing medium to strong returns and virtually all of the gains being created in the fourth quarter. As a result of rising interest rates, bonds ended the year with a 2.4% loss. Note 5 to the Financial Statements indicates that the market value of the board's investment portfolio has increased since 1998 by $34 million (4.6%) to $767 million. Investment returns on a market basis averaged 8.9% in 1999, compared to 8.0% in 1998. This represents a real rate of return of 6.6% above the 2.3% rate of inflation and exceeds the Investment Policy target of a 3.5% real return. This achievement is also significantly above the minimum actuarial expectation of a 4% real return.

	1995	1996	1997	1998	1999
Consumer Price Index, as restated	2.4%	2.9%	0.7%	2.0%	2.3%
Target - Consumer Price Index + 3.5%	5.9%	6.4%	4.2%	5.5%	5.8%
Market rate of return	14.5%	16.5%	12.5%	8.0%	8.9%
Earnings in excess of policy target	8.6%	10.1%	8.3%	2.5%	3.1%

The actual returns (on a market basis) can be seen on the following graph:



For financial statement purposes, the net book value of the board's investment portfolio reflects the partial deferral of realized and unrealized market gains and losses. These gains and losses are amortized to income over 60 months, consistent with Life and Long-Term Disability insurance industry practices, to smooth investment returns. Despite the turbulence in the equity and bond markets and the withdrawal of $28 million from the portfolio to fund operations, the net book value of the portfolio still grew to $677 million, an increase of $36 million (5.6%) over 1998. Investment returns on a book value basis were 9.4% (1998, 10.6%).

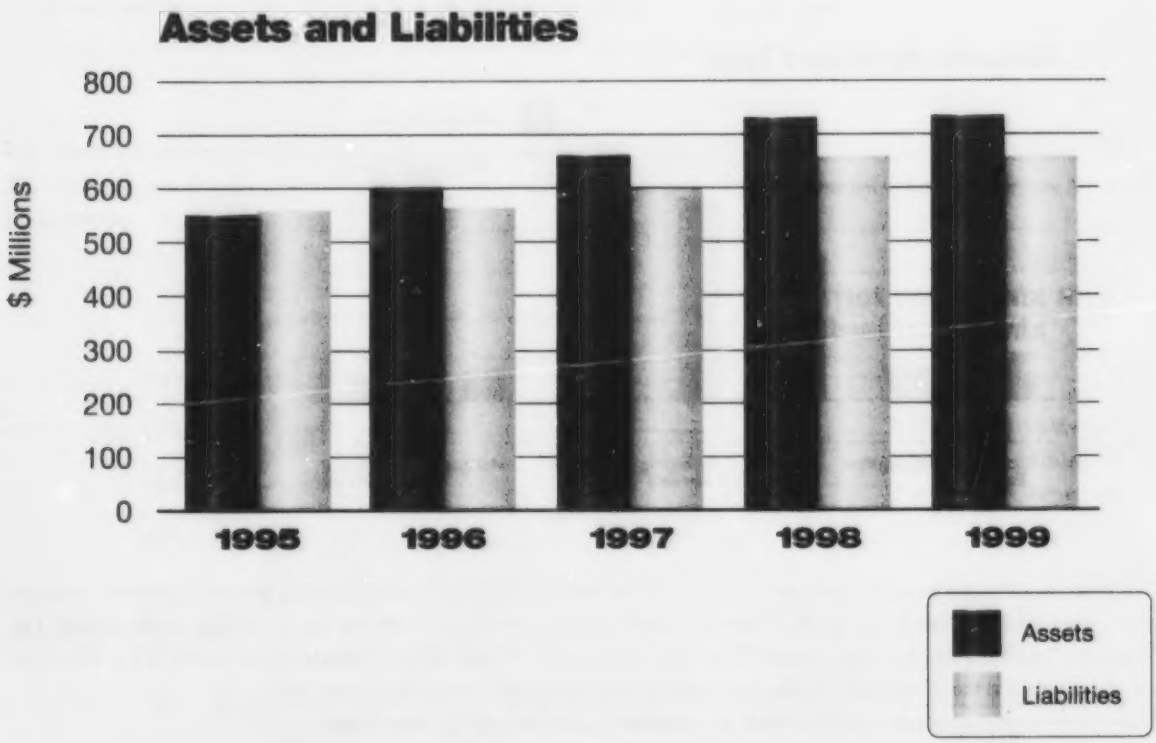
Deferred Assessments

Under the provisions of *The Workers Compensation Act*, self-insured employers are entitled to defer payment of some future costs. In effect, these employers enjoy full pay-as-you-go status. In return for this status, the Act obligates the Government to honour these commitments or requires the participating self-insurers to maintain guarantees satisfactory to the board. The deferred assessment amount parallels accumulated future costs of claims. The account balance decreased by $4.8 million during 1999 as a result of two primary factors: the reduction in the actuarial estimate of future costs for existing claims; and experience gains for the future costs of claims from prior years, in the form of a pension surplus.

Capital Assets

Additions to capital assets during 1999 totalled almost $4 million and were concentrated in the (i) upgrading of information technology equipment and software; (ii) systems development activities which included the upgrading of the information technology systems to ensure readiness for the Year 2000; and (iii) continuing renovation of 333 Broadway, acquired in late 1997, and leasehold improvements to rented space. There were no capital asset disposals in 1999.

Net book value at the end of 1999 was lower than 1998 as amortization exceeded capital acquisitions by approximately $0.3 million. Amortization expense for 1999 was $4.3 million (1998, $2.8 million) with much of the increase resulting from the change to faster amoritization rates on computer equipment and Year 2000 readiness costs.



Liabilities and Fund Balances

Payables and Accrued Liabilities

The principal items recorded under payables are accounts payable, accrued liabilities, funds held for claimant annuities and community initiatives and research program grants, which are committed but, as yet, unfunded. Total payables have increased to $9.7 million, up 15% over 1998, primarily due to the significant growth in the balance for claimant annuities. The annuity program was set up to assist claimants whose employer is not contributing to a pension plan while the employee is receiving wageloss benefits. The board contributes up to 5% of the claimant's benefits and the claimant is given the option to match this contribution. The annuity accumulates interest until the claimant reaches retirement. The balance in this account is expected to grow exponentially over the next decade.

Benefit Liabilities

Benefit liabilities declined by $2 million (0.3%) as set out in detail in Note 8 to the Financial Statements. Growth in future costs due to inflation and rising claimant wage levels were partially offset by a lower allocation of costs for administering future payments for existing claims. However, the most significant factor reducing benefit liabilities was the payment of approximately $16 million in benefits to surviving spouses whose pension benefits had previously been terminated on remarriage. A liability of some $23 million remains for future payments to this group of claimants.

Rate Stabilization Fund Balance

The Rate Stabilization Fund Balance grew to $57.1 million as the entire 1999 operating surplus of $8.5 million was transferred to the fund. Effective in 1999, the fund's target balance is based on an adapted formula—the Minimum Continuing Capital and Surplus Requirements—from the Office of the Superintendent for Financial Institutions, Canada (OSFI). The use of this formula reduces the level of risk as the fund balance will now move in tandem with changes in size of the board's assets and liabilities. Based on this formula, the fund's target balance is $64 million, which is budgeted to be achieved in 2000.

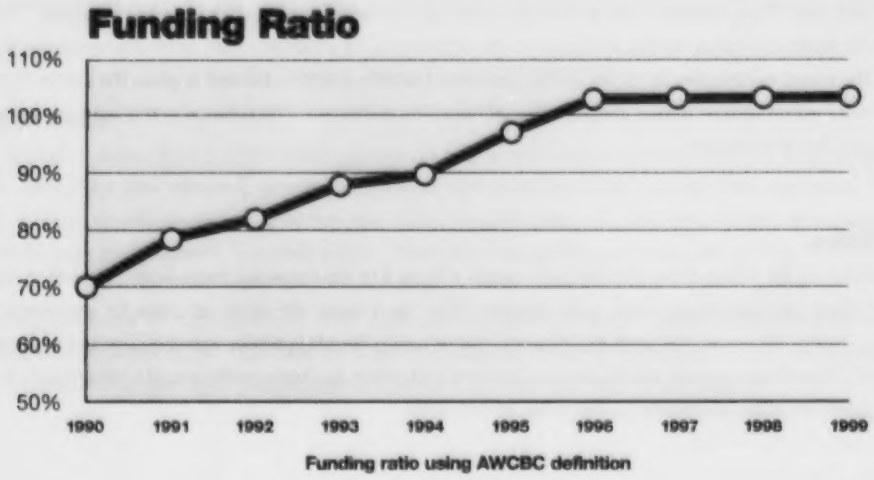
Accident Fund Balance

The board's Accident Fund Balance was unchanged at $20.0 million. This compares favourably with the funding policy established in 1996 which set a target level of $19.15 million, to be achieved by December 31, 1999.

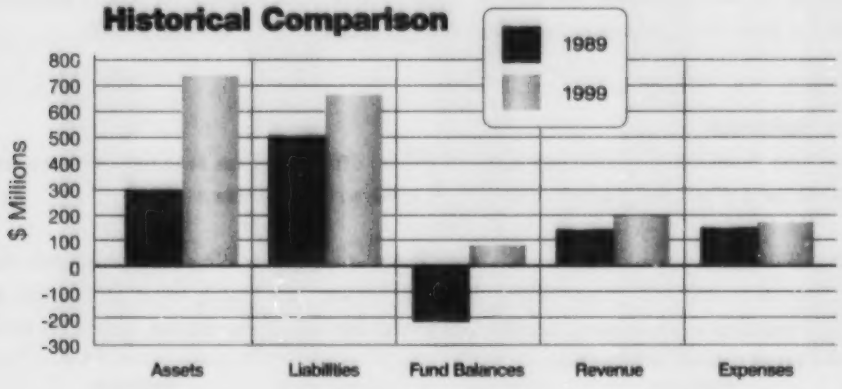
Effective for 2000, the Board of Directors approved a new funding policy which, similar to the Rate Stabilization Fund Balance, uses a modified OSFI formula to establish a target balance from year to year. This floating target will be more responsive to changes in the board's general business risks as it is based in part on premium and claims volumes. Use of this formula for 1999 would have resulted in a target balance of $34 million.

Summary

The board now has liabilities totalling $660 million and a Rate Stabilization Fund Balance of $57 million. These are covered by assets totalling $737 million. This means that the board's funding ratio remained relatively stable in 1999 at 102.8%. When the Rate Stabilization Fund Balance is grouped with the Accident Fund Balance instead of liabilities, the board's funding ratio is 111.7% at December 31, 1999, up slightly from one year earlier (110.4%).

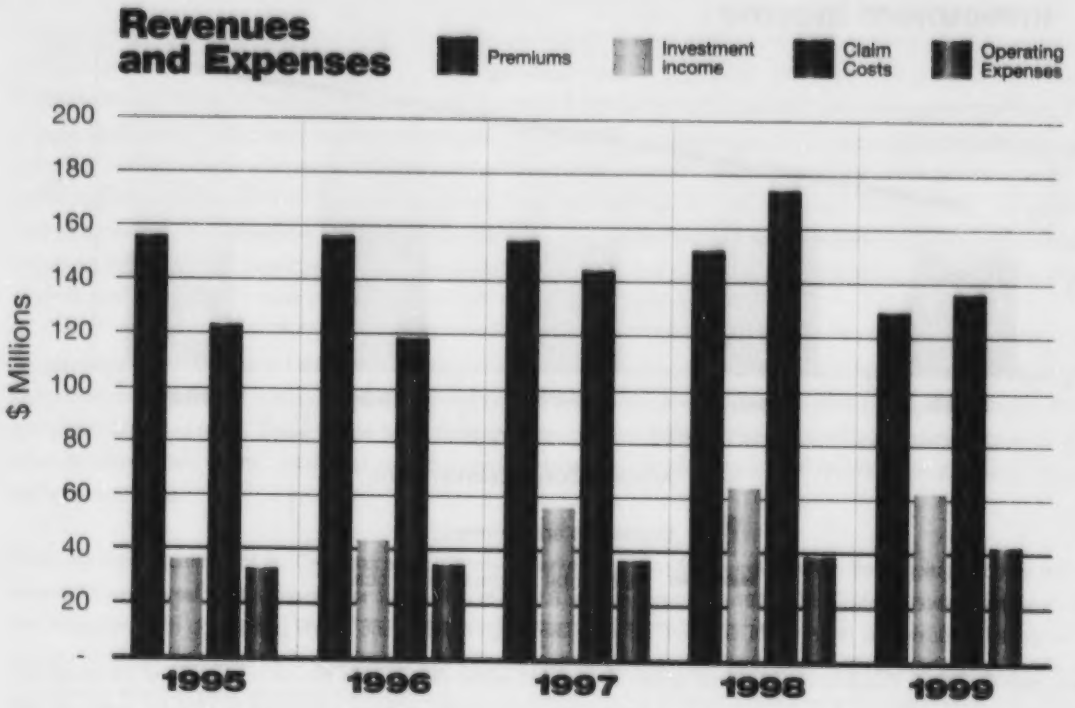


The board has had dramatic growth in assets, liabilities and fund balances during the 1990's as shown in the following chart:



The board's fiscal health has improved tremendously over the past decade as the unfunded liability level of $225 million at the end of 1989 has been eliminated and replaced with fund balances totalling $77 million today. This has allowed the board to reduce average assessment rates to among the lowest in Canada, and to make administrative policy changes for 2000 that will improve benefits for claimants. The impact of these two initiatives means that the growth in assets and liabilities has now plateaued, as is reflected in the Five Year Plan located in a later section of this Annual Report.

Statement of Operations and Accident Fund Balance



Revenue

As a result of the 20% reduction in average assessment rates for Class E employers, total revenue declined by $25.6 million (11.8%) from 1998.

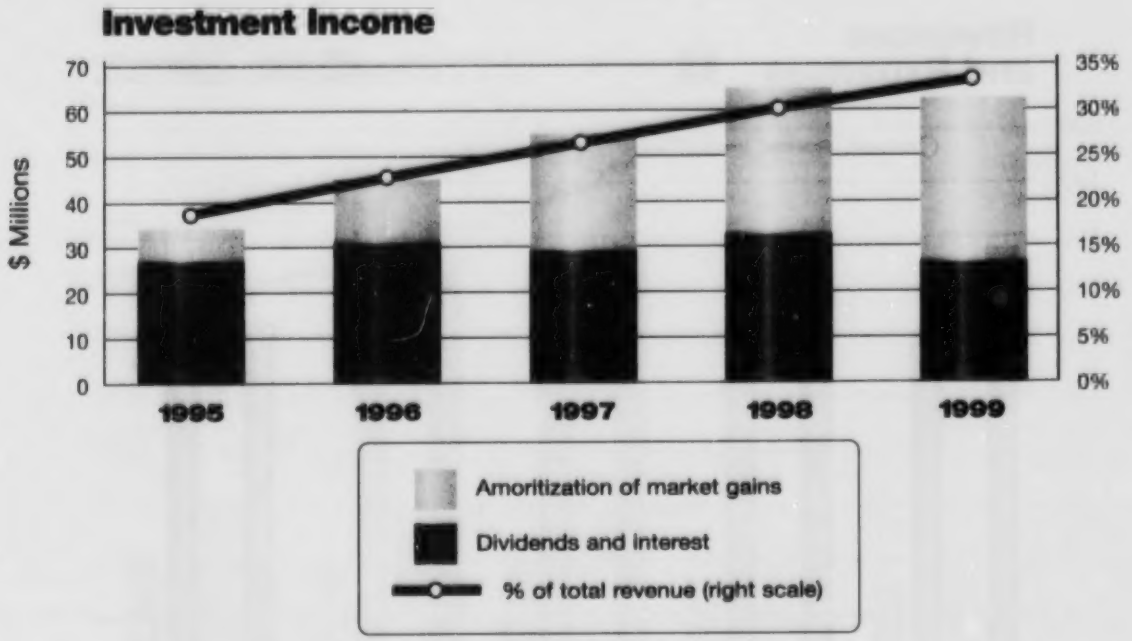
Premiums

Premium revenue dropped by almost $23 million (15%) from 1998 levels. A combination of factors influenced this reduction:

- the board implemented a 20% average rate reduction for the general class of employers;
- offsetting the effect of the general rate reduction, the Manitoba economy continued its exceptional growth of recent years, thus elevating employment by 1.5% and aggregate assessable payrolls by 5.0%; and
- self-insured employers experienced a $4.0 million increase in direct assessments as a result of higher claim costs, including the funding of payments to surviving spouses whose pension benefits had been terminated on remarriage.

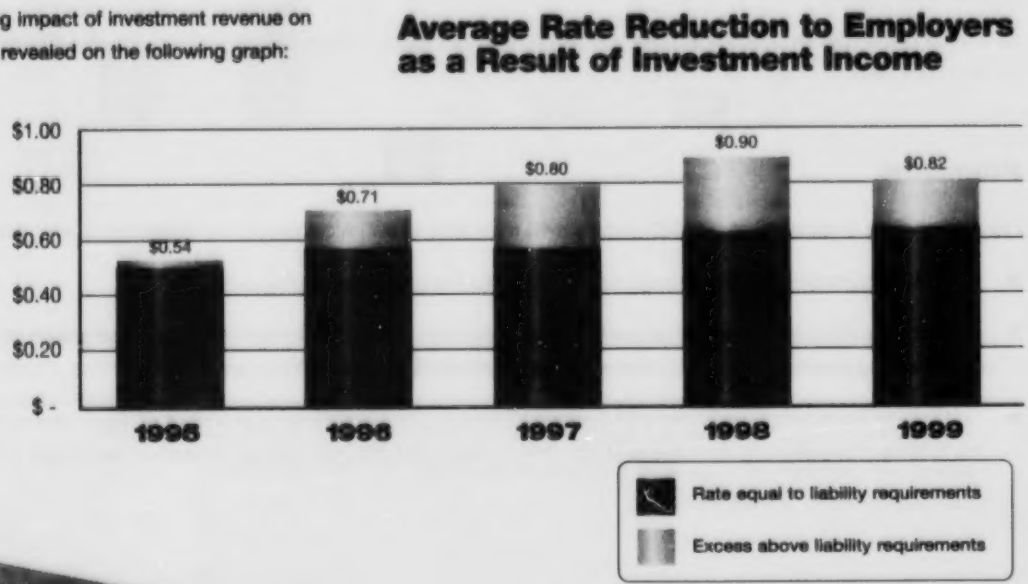
Investment Income

Since 1993, the year the board's investment portfolio became substantially diversified and more aggressively managed, the contribution of investment income to the board's revenues has increased quite substantially:



During the past five years, investment income has grown by over $30 million (98%), while the net book value of the investment portfolio has grown by 53%. Investment income now contributes 32% of total revenue, compared to 18% for 1994. As both investment portfolio growth and premium revenue have plateaued, it is projected that investment income will contribute approximately 25 to 30% of future revenue streams.

The escalating impact of investment revenue on employers is revealed on the following graph:



Note that recorded investment income reflects board accounting policies with respect to amortization and deferral of both realized and unrealized gains within the portfolio.

The investment returns for 1999 diverged significantly between asset classes with equities providing a market return of 21.6% and bonds falling back to a –2.4% return.

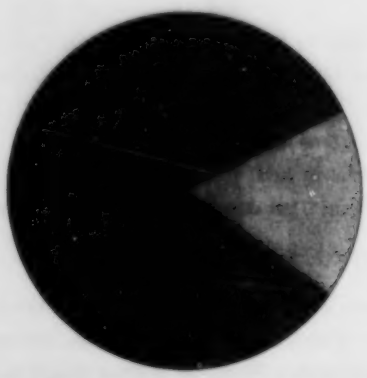
The board's equity holdings are primarily invested in pooled funds. Returns for the Canadian equity funds, while above historic averages at 11.6%, failed to meet the benchmark target which is based on the TSE 300 index. The gains for this index were largely fuelled by the rapid increase in value of just two stocks, Nortel Networks and BCE, which dominate the index. As the board's Investment Policy does not permit individual stock holdings in excess of 5% of the equity portfolio, the board's Canadian equity portfolio was unable to keep pace with the index. The U.S. equity component of the portfolio continued to fall short of the benchmark. This is because the manager is a value manager and, so, was heavily weighted in cash and sectors that underperformed compared to the major U.S. indexes. The board's EAFE (Europe, Australia and Far East) investments continued to provide significantly above average performance as Europe and Japan were hot equity markets. The emerging markets rebounded from a weak performance in 1998 with sharply higher returns in 1999.

As the returns of the board's bond fund had lagged behind benchmark returns, a decision was made in 1998 to change investment managers and methodology. The bond component of the portfolio now consists of direct ownership of bonds (instead of a pooled fund). These bonds are actively managed by two different managers with contrasting styles for greater diversification. While returns still did not reach benchmark targets, the disappointing 1999 returns were due mainly to steadily rising interest rates.

Given the high valuations of the Canadian and U.S. stock markets by historical standards and the ongoing volatility, the board adopted a new investment technique for $25 million of its U.S. equity portfolio in 1999. The "market neutral strategy" utilizes two managers with contrasting styles, one holds "long" positions while the other attempts to add value by taking an equal amount of "short" positions. It is anticipated that these styles will complement each other and provide additional stability to the board's returns. Early indications are exciting, as the market neutral position generated a 60% gain in its first 10 months (to February 29, 2000).

1999 Revenues

- 58% Class E Premiums
- 32% Investments
- 10% Self Insured premiums



1999 Expenses and Allocations

- 72% Claims
- 19% Administration
- 5% Rate Stabilization Fund allocation
- 3% Workplace Safety and Health
- 1% Other

Expenses

Claim Costs

Claim costs are an estimate of the costs for compensable injuries that occurred in 1999, together with adjustments to prior years' estimates. These estimates take into account both (i) unreported claims and (ii) reported but as yet unpaid claims.

The 1999 estimated costs for unreported claims includes a liability for injuries with long latency periods, primarily occupational diseases and cumulative trauma disorders. This liability, which was phased-in from 1996 to 1998, is presently recorded at $67.9 million (1998, $69.7 million). This liability includes an allowance for future administration costs and is pro-rated between the general body of employers (Class E) and self-insured employers. The inclusion of the liability for the expected costs for long latency injuries is consistent with the board's funding policy to use a "level" funding standard, ie: an allowance is set aside as these injuries are developing (the level funding standard was adopted in the board's 1996 funding policy).

Total claim costs incurred decreased by $37.8 million (21.8%) to $135.3 million in 1999. After discounting the final allocation for the long latency liability in 1998 and the provisions for surviving remarried spouses recorded in 1999 and 1998, total claim costs incurred for the current year grew by 3.7% over 1998, from $119.8 million to $124.2 million (see Note 8 to the Financial Statements for further details).

Total 1999 claim costs of $135 million are divided into costs incurred for the current year ($105 million) and prior years ($30 million). Costs incurred for prior years are adjustments to the actuarial estimates made in previous years and include the interest cost of discounted future cash flows and any pension surpluses that are achieved. A provision for benefits to surviving spouses who remarried was recorded in 1999 in the amount of $11.1 million (1998, $27.6 million).

Costs incurred for the current year are influenced by several factors:

- Manitoba employment and board-covered industry payrolls edged upward by 1.5% and 5.0% respectively. Total accidents reported fell by 0.8% but active time loss claims grew by 3.7% reflecting the processing of more claims in 1999, bringing down the backlog of unadjudicated claims.

- Short-term claim costs incurred for the current year, i.e. wage loss compensation for claims that have yet to medically plateau or stabilize, exceeded 1998 costs by 5.0%. This is consistent with the three factors that drive these costs:

  i) the higher number of active time loss claims in 1999 (up 3.7%),
  ii) marginally lower claims duration, and
  iii) a minor increase in claims costs per day, which partially reflects increases in the average industrial wage experience for Manitoba.

- The long-term disability claim costs combine three different features, namely the long latency provisions, wage loss payments (made as part of rehabilitation programming) and permanent impairment costs. The decrease in long-term disability claim costs incurred for the current year of $28.2 million results from the completion of recording the long latency provision in 1998 as discussed above. The 1998 charge to operations was $25.7 million.

Rehabilitation wage loss costs increased during 1999. Much of this additional cost is attributable to an increase in claims in pay and higher duration times per claim.

Impairment costs declined slightly, which reflects fewer impariments and a slightly lower impairment award rate.

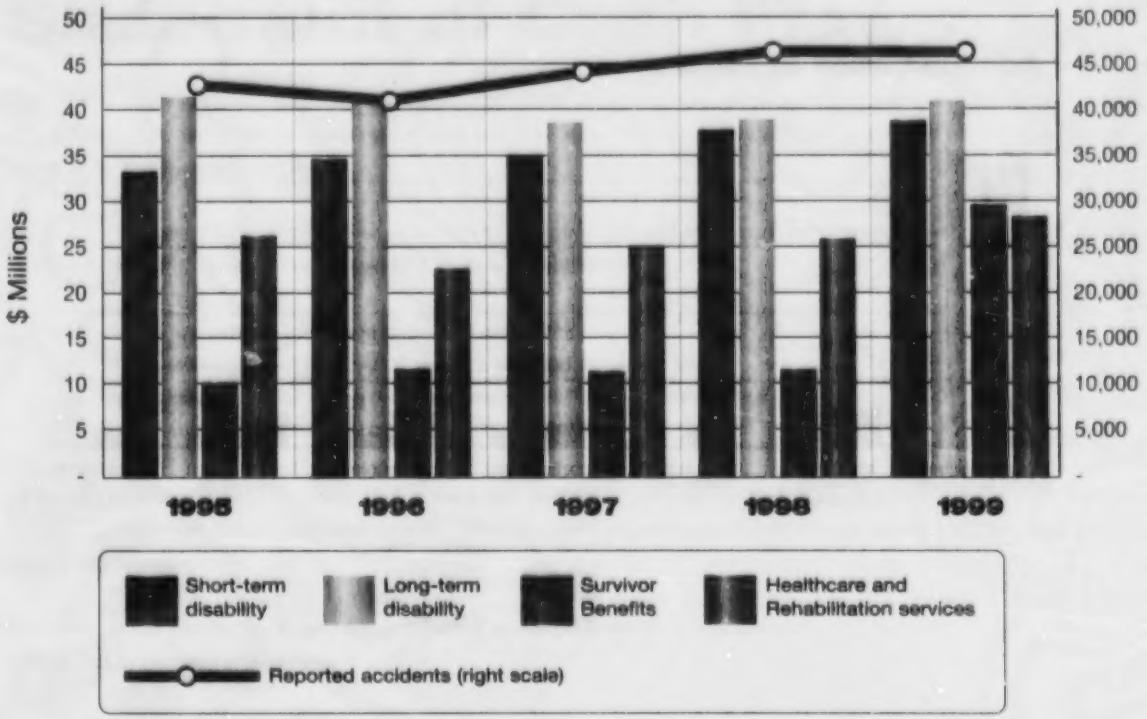
- The current year claim costs for survivor benefits decreased by 13% compared to 1998 due to a decrease in the number of fatality claims from 29 to 21.

- Healthcare benefits incurred for the current year were up almost 8%, reflecting the increase in the number of active time loss claims (3.7%), inflationary pressures on the prices of medical aid supplies and services, and the enhancement of medical aid supplies.

- Claim costs incurred for rehabilitation services reflect third party service provider expenditures and are up 6% over 1998, reflecting a higher claims volume and inflationary cost increases.

The amount of *claim payments* made in 1999 increased to $137.3 million from $114.9 million in 1998, 19.5% more. Much of this increase is attributable to the $16 million in payments made to surviving spouses who had previously remarried. The remaining 5.6% increase results from higher input costs and larger claims volumes. The following chart illustrates the five year trend in the major payment categories and the relationship to reported accidents.

Claim Payments vs Reported Accidents



Administration Expenses

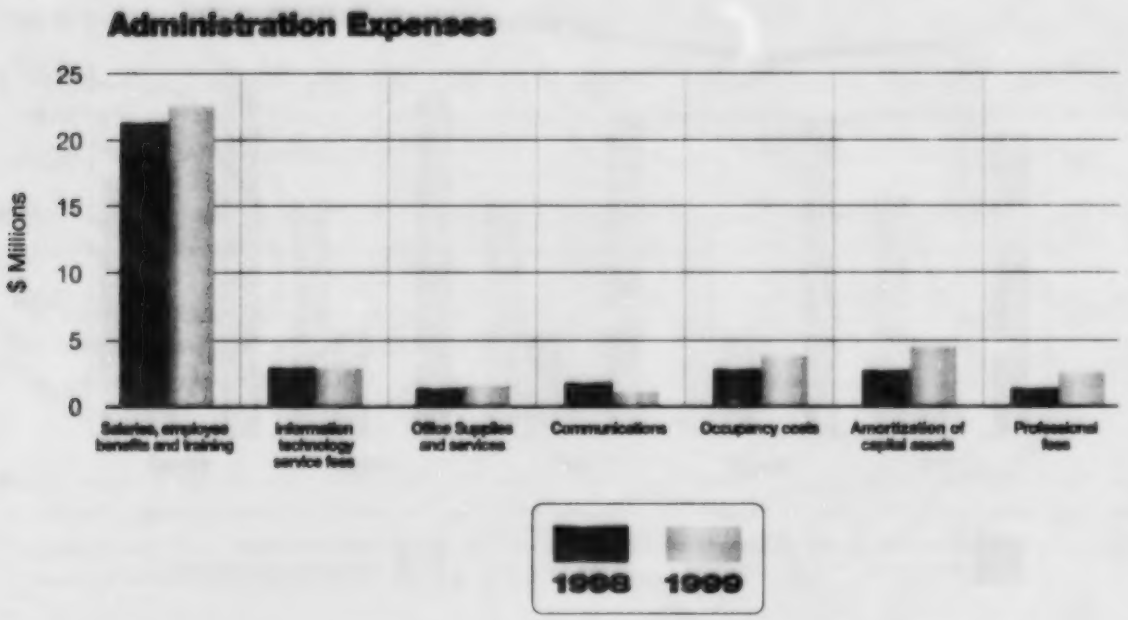
Administration expenses totalled $35.4 million in 1999 which is a net increase of $3.5 million (11.1%) over 1998. This includes:

- salaries and employee benefits costs up $1.5 million (7.3%), due to: (i) increases for job classification equity and merit increases ($490,000); (ii) normal attrition costs and expenses associated with staff redeployment to accommodate the new organizational structure ($430,000); (iii) increased training costs to better equip staff with the necessary skills to perform their tasks and provide better service to claimants ($125,000); and (iv) standard cost of living adjustments ($380,000).

- a decrease in communication costs ($0.4 million or 25%) mainly due to initiatives from 1998 that were not repeated in 1999.

- a larger amortization charge (up $1.4 million or 50%) reflecting the change to faster amortization rates on computer equipment and Year 2000 readiness costs ($1.0 million). The higher amortization amount also reflects the board's plan to "turnover" all computer workstations between 1997 and 1999 to ensure that the equipment is ready for the Year 2000, resulting in significant capital expenditures and, hence, higher amortization.

- higher professional fees in 1999 (up $1.2 million or 106%) to assist in the planning and roll-out of two major strategic initiatives – the sector case management model reorganization and the business process renewal project. There were also a number of employee positions, unfilled due to the tighter employment market, staffed by external resources with specialized skills. In all instances, these services were retained on fixed term contracts.



Workplace Safety & Health Expenses

The Workers Compensation Act requires the board to pay the Province of Manitoba's consolidated revenue fund for services rendered by the Workplace Safety & Health division and the Worker Advisor Office of the Department of Labour, subject to statutory provisions which limit increases in the funding grant.

In 1999, workplace safety and health expenditures were $5.1 million, unchanged from 1998. It reflects continued stability in the board's total funding for the Workplace Safety & Health division, as provided by the Government of Manitoba.

Community Initiatives and Research Program Grants

Nine projects totalling $1,000,000 were approved for research and education purposes under a program developed by the Board of Directors in 1997. This brings the total commitment since the inception of the program to just under $3 million for 45 projects.

Operating Surplus

The operating surplus in 1999 was $8.5 million, the smallest annual surplus since 1991. Significantly lower revenue, as a result of the 20% reduction in average assessment rates, was offset by decreases in expenses, as the large provisions in 1998 for long latent claims and surviving spouses were not repeated in 1999.

In accordance with the board's funding policy, the entire operating surplus was transferred to the board's Rate Stabilization Fund Balance, lifting that fund balance to $57.1 million.

Statement of Cash Flows

During 1999, the organization had a net decrease in cash of $22.7 million (1998, decrease of $17.4 million). This figure consists of $18.3 million in cash used by operating activities plus $4.4 million in cash used by investing activities, including $4.0 million for the purchase of capital assets.

The $18.3 million used by operating activities in 1999 compares to $21.4 million of cash provided by operations in 1998, a swing of $39.7 million. This reversal was caused by a number of factors:

i) lower assessment revenue due to the rate reductions;
ii) the $16 million payout to surviving spouses who had remarried; and
iii) lower dividend income due to the sale of equity holdings to provide capital for withdrawals from the investment portfolio.

Cash used by investing activities decreased as the board was able to reinvest much of its investment income in 1998, whereas in 1999 the investment income was relied upon to take up the slack created by the lower premium revenue, and to fund payments to surviving spouses.

This trend, of low cash balances and reliance on investment income to fund operations, is expected to continue in the future.

Year 2000 Readiness

The WCB began its Year 2000 readiness procedures in January, 1997. These remediation and testing activities consumed about $2 million over the past three years.

The board is pleased that all of its systems functioned as designed when the calendar rolled over to the year 2000. No significant problems were encountered with either the January 1, 2000 date or the leap year, and services to claimants and other stakeholders continued uninterrupted.

The Year 2000 (Y2K) issue arose because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may have recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. The effects of the Year 2000 issue might have been experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting, of both internal and external factors, may have ranged from minor errors to significant system failures which might have affected the WCB's ability to conduct business.

Operational Statistics

The statistical figures reflect comparative preliminary year-end reporting ("r" indicates revised figures).

New Claims

The total number of new claims reported was down slightly over the prior year by 0.8%. However, the number of accepted time loss claims grew by about 0.9%, reflecting the additional claims processed and the resulting drop in unadjudicated claims.

The number of elapsed days from accident to first payment increased approximately 3.6% for routine claims. Days to first payment for all claims was steady.

Marginal deteriorations were observed in most other measures reported in this sub-section, such as elapsed time from the accident to the first decision (whether a payment results or not) and from the date the claim was reported to the board to the first payment, reflecting the challenges the board faces as it strives to improve service to its stakeholders.

New Claims

	1999	1998
1 Claims Reported		
Time Loss	19,615	22,236
No Time Loss	26,001	23,720
Fatalities	36	43
Total	**45,652**	**45,999**
2 Claims Accepted or Unadjudicated		
Time Loss	19,243	19,077
No Time Loss	19,911	20,394
Fatalities	21	29
Pension	58	47
Total	**39,233**	**39,547**
3 Claims Discontinued		
Referred	44	46
No Coverage	923	914
Initially Not Accepted	962	959
Abandoned	4,490	4,533
Total	**6,419**	**6,452**
4 Covered Population (000's)/Frequency of Time Loss Injury		
Total Covered Population (Frequency)	342 (5.6%)	336 (5.7%) r
Mining (Frequency)	6 (2.6%)	6 (2.6%) r
Manufacturing (Frequency)	52 (14.4%)	57 (13.6%)
Construction (Frequency)	17 (10.5%)	19 (9.2%) r
Transportation & Storage (Frequency)	17 (6.1%)	19 (5.5%) r
Healthcare (Frequency)	31 (6.0%)	30 (5.9%) r
5 Average Time from Accident to First Payment (In calendar days; excluding recurrences)		
Routine Claims *	26.1	25.2
All Claims	37.0	37.0
6 Average Time from Accident to First Decision (In calendar days; excluding recurrences)		
Routine Claims *	25.2	23.0
All Claims	51.1	50.0
7 Average Time from Reporting to First Payment (In calendar days; excluding recurrences)		
Routine Claims *	17.2	16.8
All Claims	22.7	23.0
8 Reconsiderations Decided		
Review Office (% of settled claims)	1,084 (2.8%)	1,008 (2.5%)
% Upheld	69%	69%
% Overturned (including partial)	31%	31%

* Routine claims constitute about 85% of the total

r = revised

Active Claims

The number of short-term claims under administration at year-end increased by 3.7%. The number of long-term claims decreased by 3.2%.

The number of active survivor claims increased by 9.0%, heavily influenced by the restoration of benefits for 45 surviving spouses whose benefits had previously been terminated as a result of remarriage.

Active rehabilitation claims at December 31, 1999 were up 3.5% over 1998.

Active Claims at Year-End	1999	1998
1 **Active, Short-Term Disability Claims**	2,742	2,643
2 **Active, Long-Term Disability Claims**		
Life Pensions (excluding survivors)	4,200	4,322
Supplements (SAC's)	537	546
Earnings Loss (Rehab Income Maintenance)	372	412
Total	**5,109**	**5,280**
3 **Active Survivor Claims**		
Spouse	530	497
Children	403	360
Other	8	6
Total	**941**	**863**
4 **Active Rehabilitation Claims**	1,009	975
5 **Total Active Claims**	**9,801**	**9,761**

New Long-Term Claims

Fewer life pensions and slightly more lump sum payments were awarded in 1999, resulting in approximately a 10% drop in the volume of awards made. The average impairment award rate decreased by 1.3% from 11.0% to 9.7%; when full (100%) disability and death awards are excluded, the percentages are 9.6% (1999) and 8.2% (1998).

The number of new entrants to rehabilitation increased by 16%, reflecting the growth in claims reported over the past several years.

New Long-Term Claims	1999	1998
1 **New Impairment Awards**		
Life Pensions	299	407
Lump Sum	486	467
Supplements	42	32
Total	**827**	**906**
2 **Average New Impairment Awards**		
Including 100% disability; excluding death	9.7%	11.0%
Excluding 100% disability, or death	9.6%	8.2%
3 **New Entrants to Rehab Programs**	448	386
4 **Propensity to Award Long-Term Benefits (% becoming long-term)**	3.9%	4.0%r
5 **Average New Long-Term Earnings Loss (% of pre-accident earnings)**	79.1%	80.6%

r = revised

Duration/Severity

Duration on claims can be measured in a variety of ways, of which three have been selected for interprovincial comparisons. The first of these, duration on settled claims, measures actual duration when a claim is settled. It does not include accumulating duration for claims that have not yet been settled as of year-end. By this measure, duration decreased by 3% between the two years.

The "90-day window technique" measures duration in the first 90 days after the accident, whether the claim has been settled or not. Obviously, this measure does not take into account most long-term claims. By this measure, duration increased by 1.3% between the two years.

The "composite measure" counts actual duration for settled claims, as well as accumulated duration for claims which have not yet been settled. This measure is often viewed as being the most representative of actual practice. It may be calculated for the current year as well as all accumulated years. It is reported below for only Class E claims. Using this measure, duration increased slightly. For example, it grew by 0.2% for all wage loss cases (ie: compensation and rehabilitation) for all years. It decreased, for claims involving compensation only, from 35.8 to 35.3 days, down 1.4%.

Duration/Severity (in days)	1999	1998
1 **Average Duration of Claims (Compensation)**		
Settled Claims	23.2	23.9
90-day Window	16.1	15.9
Composite Measure (current)*	19.5	19.2
Composite Measure (all years)*	35.3	35.8
2 **Average Duration of Claims (All Wage Loss)**		
Composite Measure (current)*	19.5	19.2
Composite Measure (all years)*	40.9	40.8

* Self-insured claims excluded

Assessments

These statistics complement those appearing in the statistical supplement.

Assessment Statistics	1999	1998
1 **Assessable Payroll** ($ millions)	$ 7,586	$ 7,227 r
2 **Rates**		
Average	$ 1.49	$ 1.86 r
Lowest	0.20	0.15
Highest	11.10	13.75
3 **Employers**		
Registered	22,962	22,413
New	2,770	2,821
4 **Write-offs as % of Revenue**	0.2 %	0.2 %

Staffing

The board's staffing complement at December 31 is as follows:

Staffing Statistics	1999	1998
Approved Staffing Complement		
- permanent full-time positions	423	404
Healthcare Professionals (part-time contract)	32	31
Healthcare Professionals (full-time contract)	2	3

r = revised

Financial Statistics

Most of the financial information appears in the Financial Statements. The following table contains supplemental information; it is segregated into current year and prior year results. Note that:

- The claim costs incurred per accepted time loss claim decreased by $2,045. This calculation, which divides total claim costs incurred for all years by accepted time loss claims in 1999, conforms to the approach recommended by the AWCBC for reporting to the Financial Executives Institute of Canada. The 1998 ratio was inflated due to the inclusion of $53 million in long latency costs and provisions for surviving spouse benefits.

- Premiums per covered worker and claim costs incurred per covered worker represent two measures of the economic cost of insurance for the policy holders and beneficiaries. Premiums per covered worker declined by 16% to $378 reflecting in part the lower average assessment rate in 1999. Claim costs per covered worker also declined by 23% over 1998, to $396 per worker. This measure is significantly lower than 1998 as 1998 included the additional $53 million in long latency and surviving spouse costs. In the future, it is expected that claim costs per covered worker will continue to exceed premiums per worker, indicating the positive contribution of investment income.

- Claim costs incurred per $100 of assessable payroll is one important indicator of sustainable long-term assessment rates in the absence of investment earnings. In 1999, this indicator has decreased to $1.78 which is down from last year's value of $2.39. The reason for the high amount last year was the inclusion of $53 million in the long latency and provisions for surviving spouses (after stripping off the non-recurring items, the 1998 result would be $1.66).

- Benefit liabilities as a multiple of payments made is a measure of the average "tail" or longevity of the liabilities. For 1999 the multiple is 4.7 times (1998 - 5.7 times). The reason for the 18% decrease is a result of the $16 million of payments to surviving spouses made in 1999.

Financial Statistics	1999	1998
1 Expense and Percentages		
Claim Costs - Current Year	$ 105,454,000 (59%)	$ 129,603,000 (61%)
Claim Costs - Prior Years	29,810,000 (17%)	43,496,000 (21%)
Operating Expenses	42,445,000 (24%)	38,972,000 (18%)
2 Administration Expenses (AWCBC defn.,)		
Expenses	$ 33,140,000	$ 30,755,000
Administration cost per accepted time loss claim	1,722	1,612 r
3 Maximum Weekly Compensation		
(for a two parent, two child family)	$ 580.20	$ 568.63
4 Claim Costs Incurred on a fully-funded basis		
Total (All Years)	$ 135,264,000	$ 173,099,000
Total (Current Year)	105,454,000	129,603,000
Per Accepted Time Loss Claim (All years)	7,029	9,074
Per Accepted Time Loss Claim (Current year)	5,480	6,794
5 Ratios		
Premiums per covered worker	$ 378	$ 452 r
Claim costs incurred per covered worker	$ 396	$ 515 r
Claim costs incurred per $100 of Assessable Payroll	$ 1.78	$ 2.39
Benefit liabilities expressed as a Multiple of Benefit Payments	4.7	5.7
Workplace Safety & Health Costs per $100 of Assessable Payroll	$ 0.07	$ 0.07
6 Insurance Ratios (see discussion following)		
Direct loss	108%	107%
Overall	96%	93%
7 Book Rate of Return on Investments	9.4%	10.6%
8 Market Rate of Return on Investments	8.9%	8.0%
9 Funding Ratio (AWCBC defn.)	102.8%	102.8%

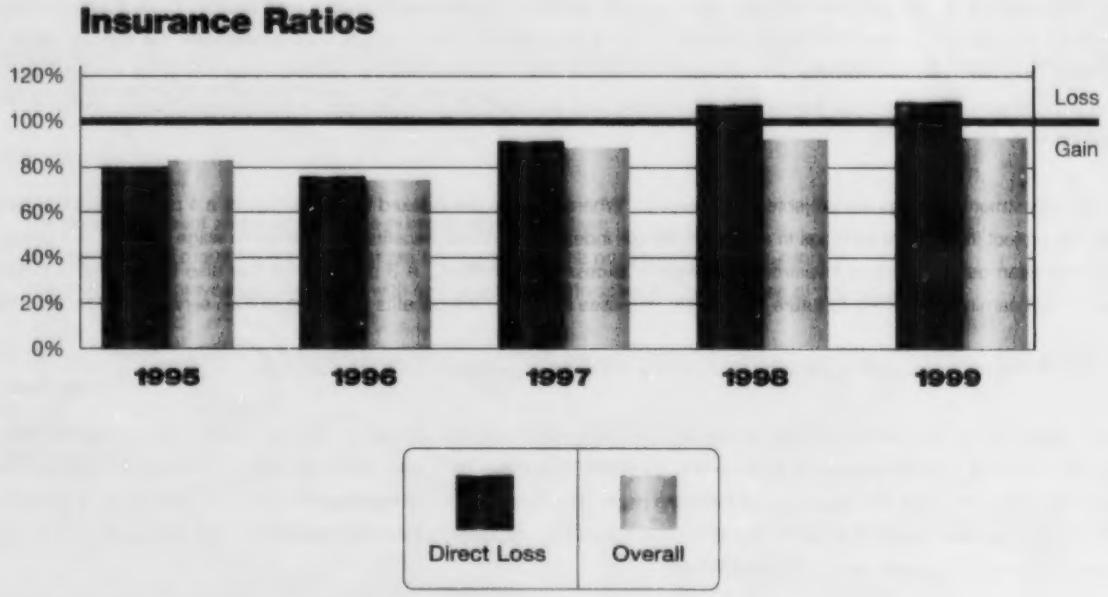
r = revised

Insurance Ratios

The financial operations of the board can be summarized by two ratios commonly used by the insurance industry. The *direct loss ratio* compares claim costs incurred with premium revenue; when this ratio exceeds 100%, the WCB loses money on claims as it pays out more on claims than it collects in premiums. The *overall ratio* is a measure of the board's experience taking into account investment income and operating overheads. When the overall ratio exceeds 100%, the board loses money resulting in an operating deficit.

Of the two ratios, the overall ratio is considered the most telling statistic as it utilizes all revenue and expense categories and, thus, is the most indicative of the board's total operations. Although the direct loss ratio produces values over 100%, the critical overall ratio is below 100%, signalling that the board has a modest operating surplus and affirming that investment income makes a valuable contribution to that operating surplus.

The upward trend in both ratios from 1996 to 1998 was the result of recording the long latency and surviving spouse benefit liabilities. 1999 results showed a movement in both ratios to levels that are expected to be maintained in future years. Based on the 2000 budget and the Five Year Plan, it is projected that the direct loss ratio will be in a band from 100 to 110% while the overall ratio is expected to show values in the 94% to 97% range, which mirrors the board's expectations of sustainable, but not excessive, operating surpluses.



Statement of Actuarial Opinion

With respect to the

Present Value of Future Benefit Liabilities of the Workers Compensation Board of Manitoba based on an Actuarial Valuation as at December 31, 1999.

We have completed an actuarial valuation of the benefit liabilities for the insured and self-insured employers under the Workers Compensation Act of Manitoba as at December 31, 1999. The purpose of the valuation is to provide adequate and appropriate estimates of the present value of future benefit obligations for inclusion in the Board's 1999 Financial Statements. We have estimated these liabilities to be $650.4 million as at December 31, 1999.

The Board's estimated liabilities represent the actuarial present value at December 31, 1999 of all expected health care benefits, short term disability benefits, long term disability benefits, survivor benefits and rehabilitation benefits which will be made in future years as a result of accidents which occurred on or before December 31, 1999. The estimate also includes: (i) a provision for the present value of future claims administration costs the Board estimates will be required for payment of these benefits, (ii) a provision for the accrued portion of the cost of benefits for future long latency claims presently in a latency period and, (iii) a provision for benefits to surviving spouses whose pension benefits had previously been terminated on remarriage.

Our valuation was based on the provisions of the Workers Compensation Act and amendments made to the Act as of December 31, 1999, and the current practices and administration procedures of the Workers Compensation Board. The actuarial methods used for the valuation reflect the Board's historical claims experience. The methods used to estimate the present value of benefits have been retained from the prior valuation with some minor modifications that are described fully in the actuarial report. The approximate effect of these modifications combined with the effect of other changes to the actuarial basis is shown on the next page.

Future investment earnings are projected at 7 percent. Where benefits are indexed to price inflation, a 4 percent rate has been used to project investment earnings in excess of benefit indexation. Where benefits are indexed to wage inflation, a 3 percent rate has been used to project investment earnings in excess of indexation. A 3 percent rate has also been used to project investment earnings in excess of future inflationary increases in health care benefits and rehabilitation service provider benefits.

Complete information regarding our actual valuation is provided in our March 2000 valuation report to the Board.

The Balance Sheet from the Board's December 31, 1999 Financial Statements shows an accident fund balance of $20.0 million, the same amount that was shown as at December 31, 1998. The major components contributing to the accident fund balance as at December 31, 1999 are shown on the following page. This reconciliation of the Board's accident fund balance is based on the calculations described in this report and information shown on the Board's Financial Statements with respect to assessment revenues, benefit payments and investment income.

The following table shows the reconciliation of the accident fund balance for 1999 and the two prior calendar years.

	($ Millions)		
	1997	**1998**	**1999**
Accident fund balance at beginning of year	$ 13.6	$ 15.3	$ 20.0
Plus:			
Expected investment income on the accident fund balance	1.0	1.1	1.4
Experience gains (losses) resulting from			
- investment earnings above the valuation interest rate	14.8	19.9	13.5
- prior years' claims experience	(3.9)	7.3	1.6
- current year's claims experience	27.6	24.1	(8.1)
Gains resulting from changes to the actuarial basis	2.3	1.0	5.9
Additions for future long latency claims and surviving spouse benefits - Class E	(29.0)	(41.3)	(10.0)
Allocation to rate stabilization fund balance	(12.0)	(7.3)	(5.0)
Gains (losses) due to other factors	0.9	(0.1)	0.7
Accident fund balance at end of year	$ 15.3	$ 20.0	$ 20.0

We have relied on the accuracy and completeness of the data supplied by the Board. Where possible, we have compared the data with prior years' data to identify any inconsistencies.

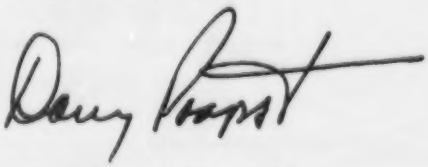
In my opinion,

- the data is sufficient and reliable for the purpose of the valuation;
- the assumptions made for the valuation are appropriate for the purposes of the valuation;
- the methods employed are consistent with sound actuarial principles for the purpose of the valuation.

The valuation report on which this certificate is based has been prepared and the opinions given in accordance with accepted actuarial practices.

Yours truly,

William M. Mercer Limited



A. Douglas Poapst, F.S.A., F.C.I.A.

Auditors' Report

To the Workers Compensation Board of Manitoba

We have audited the balance sheet of the Workers Compensation Board of Manitoba as at December 31, 1999 and the statements of operations and accident fund balance and cash flows for the year then ended. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the board as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Winnipeg, Manitoba
February 18, 2000

Balance Sheet

December 31, 1999

	1999 ($000s)	1998 ($000s)
Assets		
Cash (Note 3)	$ (1,210)	$ 21,538
Receivables (Note 4)	20,823	21,445
Investment portfolio (Note 5)	677,312	641,186
Deferred assessments	26,805	31,577
Capital assets (Note 6)	13,493	13,765
	$ 737,223	$ 729,511
Liabilities and Fund Balances		
Payables and accrued liabilities (Note 7)	$ 9,664	$ 8,419
Benefit liabilities (Note 8)	650,437	652,474
Total liabilities	660,101	660,893
Rate stabilization fund balance (Note 9)	57,104	48,600
Accident fund balance (Note 9)	20,018	20,018
	$ 737,223	$ 729,511

Signed on behalf of the Board

Wally Fox-Decent
Chairperson, Board of Directors

Bruce Leckie
Finance Committee of the Board of Directors

The accompanying notes are an integral part of the financial statements.

Statement of Operations and Accident Fund Balance

Year Ended December 31, 1999

	1999 ($000s)	1998 ($000s)
REVENUE		
Premiums - Class E employers	$ 110,328	$ 137,007
Premiums - Self-insured employers	18,824	14,889
Total premium revenue	129,152	151,896
Investment income required to support actuarially determined benefit liabilities (Note 5)	48,333	44,794
Investment income exceeding actuarial requirement (Note 5)	13,500	19,900
Investment income	61,833	64,694
Total revenue	190,985	216,590
EXPENSES		
Claim costs incurred (Note 8)	135,264	173,099
Administration (Note 10)	35,386	31,854
Community initiatives and research program grants (Note 11)	1,000	987
Appeal Commission	950	1,022
Workplace Safety and Health, and other (Note 12)	5,109	5,109
Total operating expenses	42,445	38,972
Total expenses	177,709	212,071
Operating surplus before deferred assessments	13,276	4,519
Increase (decrease) in deferred assessments	(4,772)	10,230
OPERATING SURPLUS	8,504	14,749
Transfer to rate stabilization fund balance	(8,504)	(10,000)
Increase in accident fund balance	0	4,749
Accident fund balance, beginning of year	20,018	15,269
ACCIDENT FUND BALANCE, end of year	$ 20,018	$ 20,018

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Year Ended December 31, 1999

	1999 ($000s)	1998 ($000s)
OPERATING CASH FLOWS		
Premiums from employers	$ 129,773	$ 139,439
Investment revenue	26,138	32,539
Payments to claimants or third parties on their behalf	(137,301)	(114,913)
Purchases of administrative goods and services	(36,953)	(35,694)
Net cash provided (used) by operating activities	(18,343)	21,371
INVESTING CASH FLOWS		
Proceeds on disposal of investments	1,102,002	1,521,014
Purchase of investments	(1,102,432)	(1,555,519)
Capital asset acquisitions, net of disposals	(3,975)	(4,244)
Net cash used by investing activities	(4,405)	(38,749)
Net decrease in cash	(22,748)	(17,378)
Cash, beginning of year	21,538	38,916
Cash, end of year (Note 3)	$ (1,210)	$ 21,538

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

Year Ended December 31, 1999

1. Nature of Operations

The Workers Compensation Board of Manitoba (the board) operates under the authority of the Workers Compensation Act (R.S.M. 1987, Chapter W200). The board is responsible, in accordance with the provisions of the Act for:

- administering payments to injured workers and suppliers of services to injured workers;
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and
- investing surplus funds.

The board may also levy special assessments when considered appropriate. An independent Workers Compensation Appeal Commission is established under the Act to make final rulings on any appeals pertaining to the board's assessment or benefits decisions.

The board's mission is to provide superior compensation services to Manitoba workers and employers in a manner that is sensitive, responsive and effective in order to minimize the impact of workplace injuries.

The board's funding policy is intended to ensure that fiduciary responsibilities are carried out in accordance with the Act and that annual influences do not unduly distort the funding process. The board is committed to operate on a fully-funded basis to a level-funding standard. Full funding requires that current employers pay for the current and future cost of existing compensable injuries and their administration, rather than future generations of employers paying for those injuries. Under level funding, the cost of claims with lengthy latency periods is funded in a level fashion over the worker's period of exposure to the elements which lead to the injury or disease.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, which require the board to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The board's significant accounting policies are as follows:

Investments

Short-term investments are carried at cost. The remaining investments are recorded at cost adjusted toward market value using the moving average market method. Unrealized and realized gains and losses are deferred and amortized on a straightline basis over 60 months. Interest and dividend income are recognized in the period earned.

Deferred Assessments

Deferred assessments represent the board's estimate of premiums which will be received in the future from the self-insured employers to fund the future costs of existing claims that have arisen from their employees. The deferred assessments may be secured by irrevocable letters of credit or other suitable forms of guarantee.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Computer equipment	3 - 5 years
Systems development	3 - 5 years
Furniture, fixtures and equipment	5 years
Building renovations	10 years
Building	40 years

Benefit liabilities

The board's independent consulting actuary conducts a review of and reports on the benefit liabilities of the board at each year-end. The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims and provisions for the future expenses of administering the existing claims. The figures are estimates made from current information in accordance with procedures prescribed by the Canadian Institute of Actuaries.

Foreign currency translation

Assets and liabilities, with the exception of investments, denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. The foreign currency exchange gains and losses for investments are recorded in the same manner as the related investment gains, losses, revenues or expenses.

Premium revenue

The operations of the board are categorized, in accordance with the Act, into Class E (general employers pool) and several classes of self-insured employers. Employers registered within Class E are subject to collective liability, and assessment premiums are determined by applying applicable industry assessment rates to the employers' reported payroll for the current year.

Self-insured employers, principally government bodies and railways and their subsidiaries, are subject to individual responsibility for allocated claim costs attributable to claims arising from their employees. Self-insured premiums are billed by the board for claim costs incurred and administration expenses incurred on behalf of the self-insured employers.

3. Cash

Cash consists of:

	1999 ($000s)	1998 ($000s)
Money market instruments	$ 102	$ 23,727
Bank balances	959	(255)
Cheques issued and outstanding	(2,271)	(1,934)
	$ (1,210)	$ 21,538

The board has established an operating line of credit with its principal banker in the amount of $6,000,000. Advances on the line of credit bear interest at the bank's prime interest rate. The board has also established a revolving credit facility with the Treasury Division of the Province of Manitoba in the amount of $40,000,000. Loan advances bear interest at the Province's preferred lending rate. Both credit facilities are unsecured.

4. Receivables

Premiums for Class E employers	$ 15,957	$ 18,191
Allowance for doubtful accounts	(1,690)	(2,451)
	14,267	15,740
Premiums for self-insured employers	2,220	2,234
Mortgages	2,294	1,200
Sundry	2,042	2,271
	$ 20,823	$ 21,445

Mortgages receivable bear interest at rates ranging from 3.6% to 7.0% per annum and are due in 2000 and 2003.

5. Investment Portfolio

The book value and the estimated fair value of the investments are:

	1999				1998			
	Book Value ($000s)	Estimated Fair Value ($000s)	Average Term to Maturity (years)	Rate of Return*	Book Value ($000s)	Estimated Fair Value ($000s)	Average Term to Maturity (years)	Rate of Return*
Cash and short-term investments	$55,699	$55,699	0.1	4.8%	$82,507	$82,316	0.1	5.0%
Bonds								
Government of Canada	160,853	151,599	-	-	232,841	235,720	-	-
Provincial	94,772	88,499	-	-	52,924	53,442	-	-
Corporate	78,078	74,636	-	-	35,670	36,029	-	-
	333,703	314,734	8.9	(2.4%)	321,435	325,191	10.4	9.4%
Mortgages	9,555	9,664	3.4	6.8%	9,633	9,861	3.7	10.3%
Real estate	7,568	7,786	-	10.8%	10,574	11,259	-	12.0%
Equities								
Canadian	155,376	154,452	-	11.6%	169,779	157,730	-	1.1%
U.S.	46,135	45,241	-	7.9%	12,139	8,316	-	(4.5%)
EAFE **	126,692	173,467	-	33.5%	113,619	129,905	-	23.6%
Emerging markets	4,810	5,832	-	47.5%	10,894	8,319	-	(26.2%)
	333,013	378,992	-	21.6%	306,431	304,270	-	9.8%
Total	739,538	$766,875	-	8.9%	730,580	$ 732,897	-	8.0%
Deferred realized gains	(62,226)				(89,394)			
Net book value of investments	$677,312				$641,186			

*Rate of Return: the annual time weighted rate of return on a marked-to-market basis.

** Europe, Australia and Far East

Reconciliations of the changes for the year in the deferred unrealized and realized gains (losses) balances are as follows:

	1999 ($000s)	1998 ($000s)
Deferred Unrealized Gains (Losses)		
Balance, beginning of year	$ 2,317	$ 23,399
Unrealized net gains (losses) for the year	32,694	(13,570)
	35,011	9,829
Amortization during year	(7,674)	(7,512)
Balance, end of year	$ 27,337	$ 2,317
Deferred Realized Gains		
Balance, beginning of year	$ 89,394	$ 76,616
Realized net gains for the year	853	37,749
	90,247	114,365
Amortization during year	(28,021)	(24,971)
Balance, end of year	$ 62,226	$ 89,394

Investment Income

Investment income was derived from the following sources:

Cash and short-term investments	$ 2,975	$ 5,227
Bonds	20,886	20,460
Mortgages	740	1,292
Real estate	1,555	699
Canadian equities	699	5,133
Foreign equities	1,731	1,962
Amortization of deferred unrealized gains	7,674	7,512
Amortization of deferred realized gains	28,021	24,971
Loan interest	(208)	-
Expenses	(2,240)	(2,562)
Investment income	$ 61,833	$ 64,694

Based on the 7% discount rate used to actuarially determine the benefit liabilities, the required investment return on average investment assets is $48,333,000 (1998 - $44,794,000). Total investment income of $61,833,000 (1998 - $64,694,000) exceeded the actuarial requirement by $13,500,000 (1998 - $19,900,000). The analysis of investment income presented in the statement of operations and accident fund balance has been disclosed for informational purposes. This provides a comparison of the return on investments required to support benefit liabilities and the excess of actual returns over this amount.

Market risk

The board invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The board does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Over 95% of the fixed income assets in the investment portfolio have at least an A credit rating. The board does not anticipate that any borrowers will fail to meet their obligations.

Securities lending

The board may lend, for fee income, any of its investments to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105% of the market amount of the investment instruments borrowed. As of December 31, 1999 secured loans amounted to $63,628,000 (1998 - $14,600,000).

Foreign exchange risk management

The board has certain investments denominated in foreign currencies. During 1999 the board did not undertake hedging strategies for the currency risk of foreign investments, and currency fluctuations influenced short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio.

Interest rate risk management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. The table at the beginning of this note discloses the remaining term to maturity of the board's fixed term investments.

6. Capital Assets

	Cost ($000s)	Accumulated Amortization ($000s)	1999 Net Book Value ($000s)	1998 Net Book Value ($000s)
Computer equipment	$ 8,449	$ 4,103	$ 4,346	$ 3,726
Systems development	5,617	4,178	1,439	1,880
Furniture, fixtures and equipment	5,308	5,015	293	952
Building renovations	2,964	491	2,473	2,335
Building and land	5,017	75	4,942	4,872
	$ 27,355	$ 13,862	$ 13,493	$ 13,765

7. Payables and Accrued Liabilities

	1999 ($000s)	1998 ($000s)
Accounts payable and accrued liabilities	$ 3,650	$ 3,431
Claimant annuities payable	2,258	1,569
Community initiatives and research program grants	1,521	1,584
Deposits from self-insured employers	1,243	1,263
Other payables	992	572
	$ 9,664	$ 8,419

8. Benefit Liabilities

An analysis of the components of and changes in benefit liabilities is as follows:

	1999						1998
($000s)	Short-Term Disability	Long-Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance, beginning of year	$ 66,767	$349,440	$165,036	$50,552	$20,679	$652,474	$594,288
Add: Claim costs incurred							
Current year	60,226	5,608	6,928	28,353	4,339	105,454	129,603
Prior years	(16,067)	29,221	14,436	2,504	(284)	29,810	43,496
	44,159	34,829	21,364	30,857	4,055	135,264	173,099
Less: Claim payments made							
Current year	21,024	508	467	11,017	37	33,053	30,812
Prior years	18,342	40,228	28,544	14,297	2,837	104,248	84,101
	39,366	40,736	29,011	25,314	2,874	137,301	114,913
Balance, end of year	$ 71,560	$343,533	$157,389	$56,095	$ 21,860	$650,437	$652,474

The liability for short-term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize. The long-term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, and estimated future pension payments. The liability for survivor benefits is composed of estimated future pension payments and other services provided to survivors of those who have lost their lives as a result of workplace accidents. Healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are supplied externally to the board.

In 1998, the board made a provision, in the amount of $27,600,000, for the expected liability regarding the re-instatement of survivor benefits previously discontinued, as a result of remarriage. In 1999, the board added a further $11,100,000 to the expected liability and made payments in the amount of approximately $16,000,000 to the surviving spouses.

Included in long-term disability is the board's liability, in the amount of $67,946,000 (1998 - $69,732,000) for the future cost of claims relating to certain latent occupational diseases which may have occurred in the current year or prior years, but which may not be recognized and reported for a number of years due to the extended latency periods of such diseases. This includes the expected future cost of administering these claims.

Also included in benefit liabilities is a provision in the amount of $40,989,000 (1998 - $43,665,000) for the future cost of administering existing claims.

The actuarial present value of future benefit payments reflects management's long-term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments. The fair value for benefit liabilities is not readily determinable.

9. Fund Balances

The rate stabilization fund balance protects the board from the risk that a catastrophic event, causing either an increase in the value of the liabilities or a decrease in the value of assets, could unfairly burden Class E employers and potentially cause the accident fund balance to become unfunded or prompt the board to consider exceptional increases in assessment rates.

The accident fund balance protects the board and its stakeholders from general business risks and is collectively attributable to the Class E employers.

10. Administration Expenses

	1999 ($000s)	1998 ($000s)
Salaries, employee benefits and training	$ 22,628	$ 21,097
Information technology service fees	2,691	2,720
Office supplies and services	1,351	1,204
Communications	1,168	1,556
Occupancy costs	1,448	1,652
Amortization of capital assets	4,247	2,825
Professional fees	2,365	1,145
Grants	106	380
	36,004	32,579
Recoveries from:		
The Government of Canada	502	493
The Province of Manitoba	116	232
Total recoveries	618	725
Administration expenses, net	$ 35,386	$ 31,854

Of the net administration expenses (along with Appeal Commission costs, community initiatives and research program grants, and Workplace Safety and Health costs), $3,413,000 is allocated to the self-insured employers based on the current year's transaction volumes.

The board administers the Government Employees Compensation Act program for the Government of Canada. Until June 30, 1999, the board fully administered The Criminal Injuries Compensation Act for the Province of Manitoba. As of July 1, 1999, the board provides administrative assistance, relating to medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The operation of these programs is reflected only to the extent of the recoveries of administration expenses.

11. Community Initiatives and Research Program Grants

During 1999, the board approved 9 grants to fund research and education projects, totalling $1,000,000, that will benefit both injured workers and employers (1998 - 18 grants totalling $986,864).

12. Related Party Transactions

Pursuant to The Workplace Safety and Health Act, the Province may pay the expenses incurred in the administration of that Act out of the consolidated fund and may, subsequently, recover such portion as it may determine from the class funds under The Workers Compensation Act. For 1999, the amount charged to operations under this provision is $4,343,000 (1998 - $4,343,000).

Also, under Section 84.(1) of The Workers Compensation Act, the Province may pay the costs incurred in respect of worker advisors and may recover them from the class funds. For 1999, the amount charged to operations under this provision is $766,000 (1998 - $766,000).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the board may be considered related. The provincial government is also a self-insured employer under The Workers Compensation Act. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

Included in the board's investment portfolio are guaranteed debentures issued by the Province of Manitoba, in the amount of $22,225,000 (1998 - $12,581,000).

13. Employee Pension Plan

The board maintains a defined benefit pension plan for its employees which provides pensions based on length of service and highest average earnings.

The most recent actuarial valuation of the plan was completed as at December 31, 1997. At December 31, 1999 the estimated present value of accrued pension benefits amounts to $35,315,000 (1998- $32,130,000) and the market value of pension fund assets to provide for these benefits is $38,689,000 (1998 - $33,896,000), resulting in a plan surplus of $3,374,000 (1998 - $1,766,000).

14. Benefit Liabilities for Self-Insured Employers

Note 8 contains a complete description of the components of the board's benefit liabilities for all employers. An analysis of the portion relating to the self-insured employers is as follows:

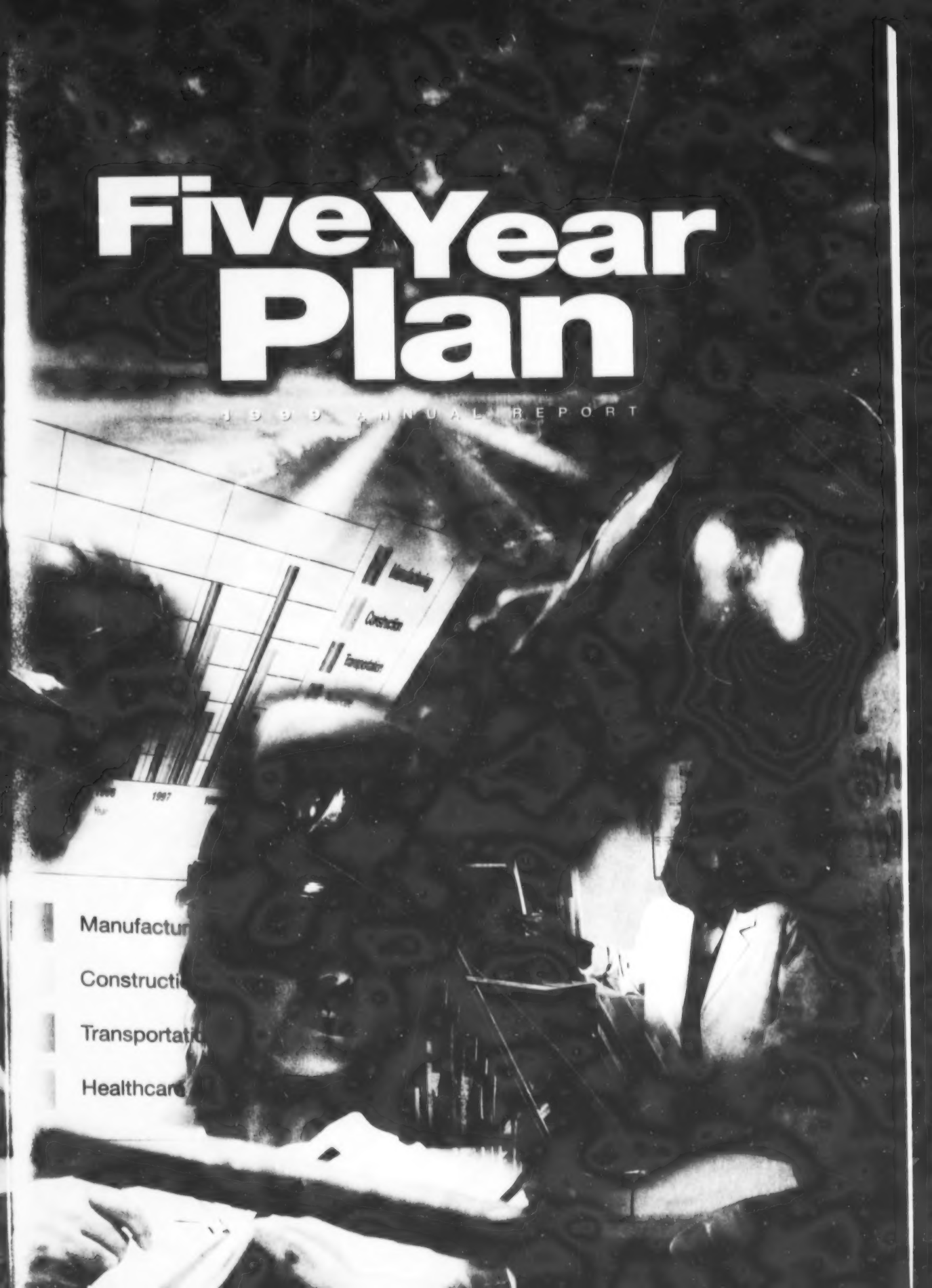
	1999						1998
($000s)	Short-Term Disability	Long-Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance, beginning of year	$5,981	$38,703	$28,854	$6,249	$1,871	$81,658	$ 70,311
Add: Claim costs incurred							
Current year	5,703	362	774	4,051	375	11,265	17,790
Prior years	(931)	2,923	2,154	75	(45)	4,176	8,820
	4,772	3,285	2,928	4,126	330	15,441	26,610
Less: Claim payments made							
Current year	2,312	35	39	1,313	1	3,700	3,430
Prior years	2,116	5,280	3,808	2,174	383	13,761	11,833
	4,428	5,315	3,847	3,487	384	17,461	15,263
Balance, end of year	$6,325	$36,673	$27,935	$6,888	$1,817	$79,638	$ 81,658

Included in the premiums and claim costs are payments in the amount of $2,077,000 (1998 - $2,086,000) made by self-insured employers directly to claimants on the board's behalf. These amounts are reported to the board for inclusion in these financial statements.

Included in the benefit liabilities balance is $7,196,000 (1998 - $7,385,000) for the self-insured employers' share of the long latent occupational disease liability, inclusive of related administration costs; $1,259,000 (1998 – $1,600,000) for future benefits for surviving spouses whose benefits had previously been terminated upon remarriage; and $3,890,000 (1998 - $4,362,000) for the future cost of administering existing claims.

Five Year Plan

2000 ANNUAL REPORT



Environment

Manitoba's workforce and workplaces are changing just as many workers themselves are changing. Everything from immigration patterns, technology, new medical techniques, better understanding of injuries and illnesses and even negotiated wage settlements with care providers combine to make the workers compensation environment a complex one. The WCB of Manitoba is constantly examining itself and the environment in which it operates in order to identify and respond to the trends and forces. By examining Manitoba's environmental trends, influences, workplaces and the way Manitobans work, we'll find better ways to provide high quality service. Working with our partners, we will build a safer and healthier Manitoba.

Workplace Trends

Fact:

Industries not required by law to obtain WCB coverage employ more workers than any other single segment of Manitoba's labour force. The size of the workforce in this non-compulsory segment is expected to grow at a faster rate than in many other industries. Manitoba has the lowest percentage of WCB-covered workforce (63%) among Canadian jurisdictions. The anticipated labour force trends suggest that the covered workforce will continue to decrease as new industries not written into the Act are created.

Challenge:

The WCB supports workers when they are injured and returns them to health and work as quickly as possible. This reduces the impact of the injury and the human suffering the injury can cause. If workers are not covered by the WCB, they are not able to receive the protection, insurance, rehabilitation and hazard reduction programs the WCB supports.

Fact:

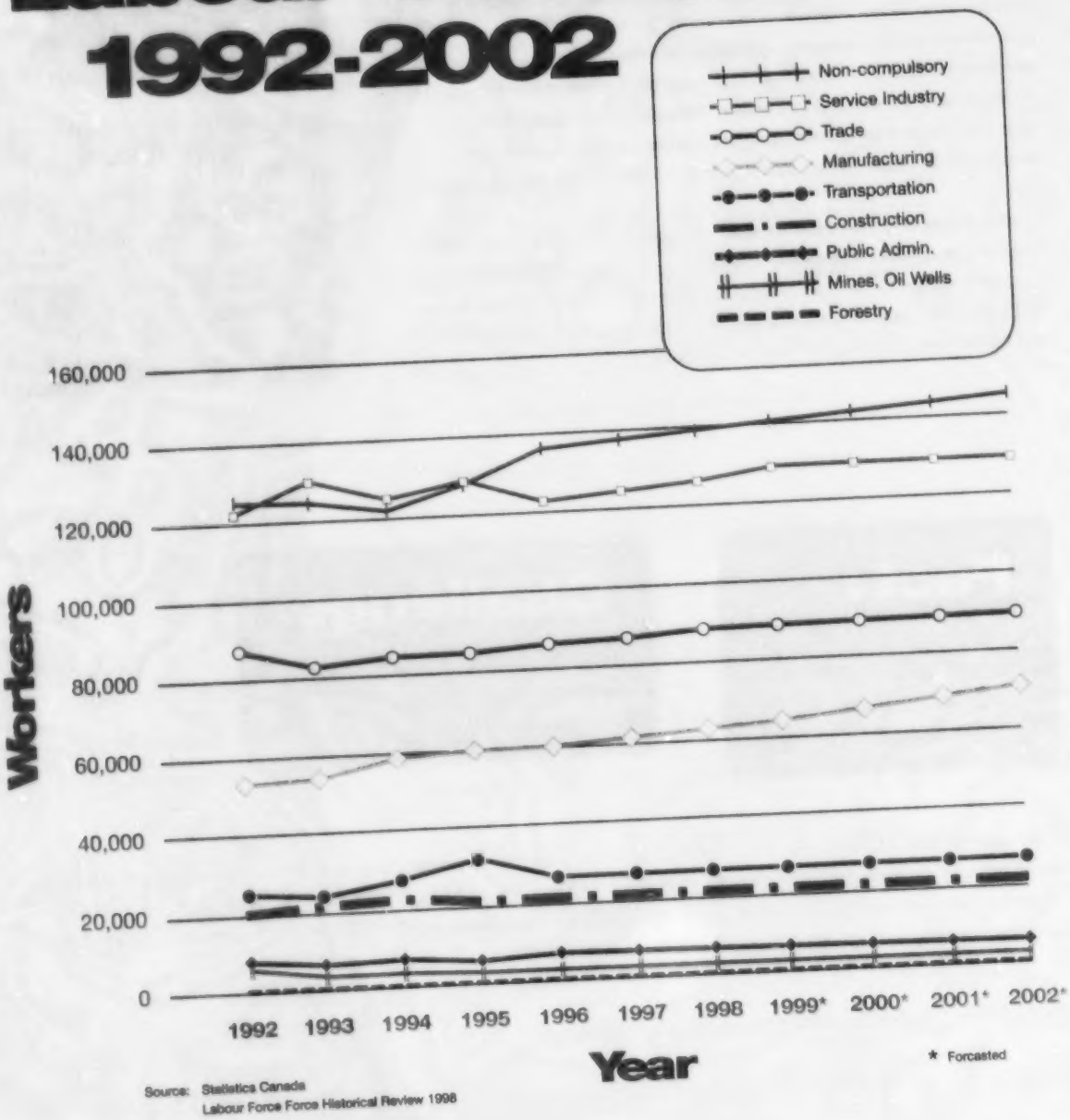
The proportion of workers employed in the high-risk industries is expected to increase.

Challenge:

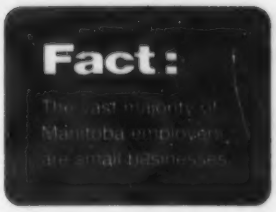
The highest-risk industry sectors create a large number of claims.

Of the covered labour force, those in the highest risk industry sectors - manufacturing and construction - are increasing at the fastest rate and are expected to increase by 10% and 6% respectively. An increase in the number of workers in the highest risk sectors will likely result in increasing overall injury rates for the covered workforce, putting an increasing strain on WCB compensation programs as well as rehabilitation and education efforts.

Manitoba Employed Labour Class (E) 1992-2002

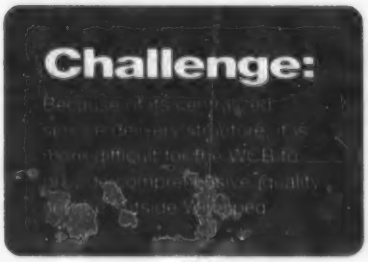


Source: Statistics Canada
Labour Force Force Historical Review 1998



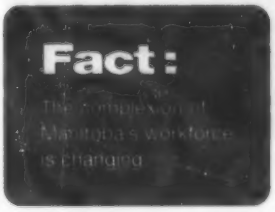
Seventy-four percent of Manitoba businesses are not required by law to have either a workplace safety and health committee or representative because they employ fewer than 10 workers. A workplace safety and health committee or representative works towards decreasing job-related accidents and illnesses.

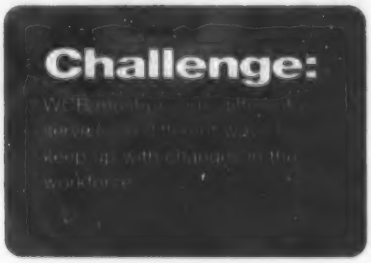
However, much of the growth in the number of businesses occurs in firms with fewer than 10 workers. This means that Manitoba businesses employing fewer than 10 same infrastructure and communication channels that help reduce workplace injuries and illnesses as those businesses with 10 or more workers.



46% of covered Manitoba employers and 35% of covered workers are located outside of Winnipeg, the workers compensation service delivery centre. Service challenges arise in the areas of travel, communication, and medical care.

Changing immigration patterns, and an increase in the Aboriginal working population will result in a different ethnic mix of WCB claimants and employers. These changes will pose changing service and language challenges for the WCB.





Fact:

Challenge:

Older workers take longer to recover from their injuries and, consequently, have longer claims duration. The impact of this duration is partially offset by the tendency of older workers to have fewer accidents than their younger counterparts.

Fact:

Challenge:

Women have increased their participation in the workforce, and this has been reflected in the proportion of female claimants. Women are filing an increasing proportion of WCB claims. In 1960, 7% of time loss claims came from women. In 1976, this had increased to 12% and, by 1998, 26% of time-loss claims were filed by women.

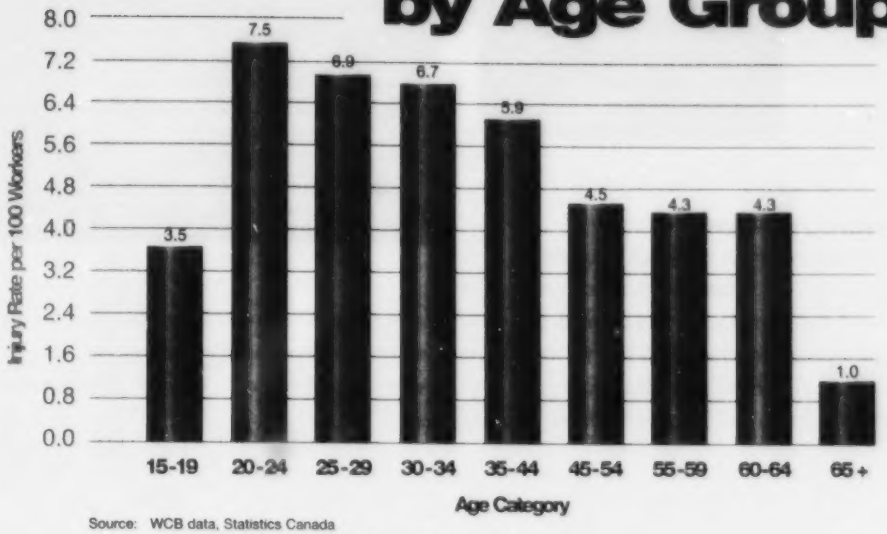
Women, on average, have longer claims duration. On the other hand women's claims cost less, predominately due to women's lower wages.

Fact:

Challenge:

Younger workers pose a challenge to the WCB: they have the highest injury rates because they have not yet learned how to assess risk and avoid accidents and hazards. However, they need to be given these skills before accidents happen. Education and awareness programs designed for older workers do not have the same impact on younger workers. The WCB and WS&H must find different ways to reach youth and teach them the importance of safety and health.

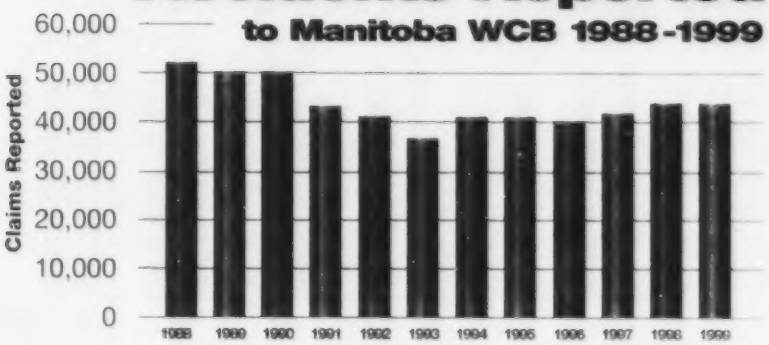
1998 Timeloss Injury Rate by Age Group



Source: WCB data, Statistics Canada
Compiled by OHS Branch, WSH, MB Labour.

Injury and Claims Trends

Accidents Reported to Manitoba WCB 1988-1999



Source: 1999 Manitoba • WCB Annual Report

Fact:

The number of reported accidents has been increasing since 1993 and is expected to increase by 7.5% over the next 5 years.

Challenge:

Demands on WCB resources will increase with higher number of claims and injuries.

Unless action is taken, the manufacturing sector is expected to account for 36% of this overall increase. The service and construction sectors will account for 25% and 22% respectively of this increase.

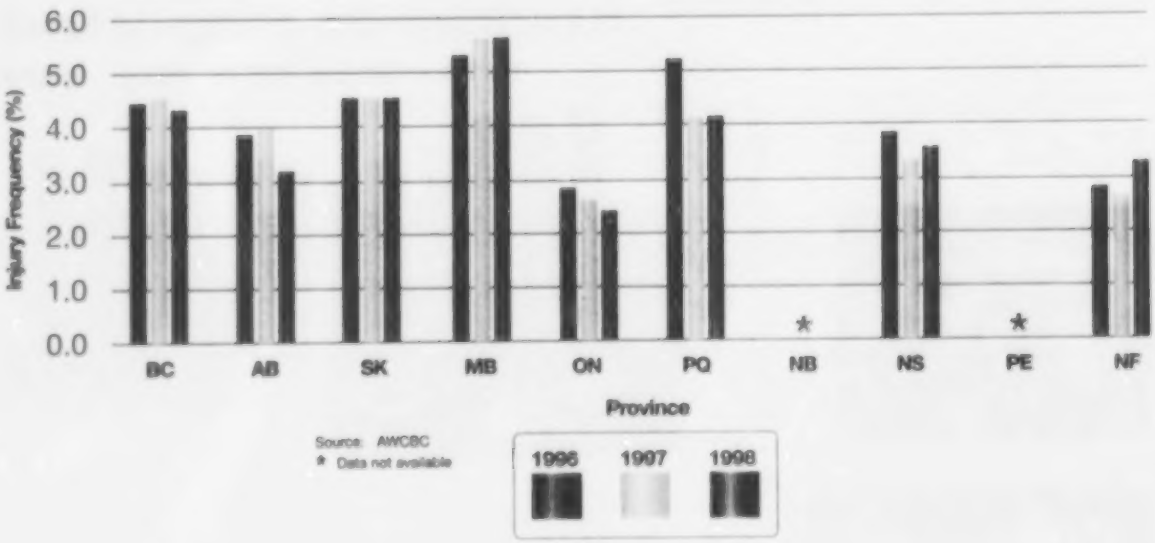
Fact:

Challenge:

The overall injury rate is based on the covered workforce. Jurisdictions covering a higher proportion of lower risk industries will have lower overall injury rates. For example, Manitoba's higher rate reflects Manitoba's lower proportion of workforce covered, and we cover a higher proportion of higher risk industries than other jurisdictions. Manitoba's overall time loss injury rate for the WCB covered workforce has been increasing and has remained consistently the highest in Canada. The overall injury rate is an excellent indicator for compensation boards across Canada because it speaks to the claims and financial risk faced by the boards.

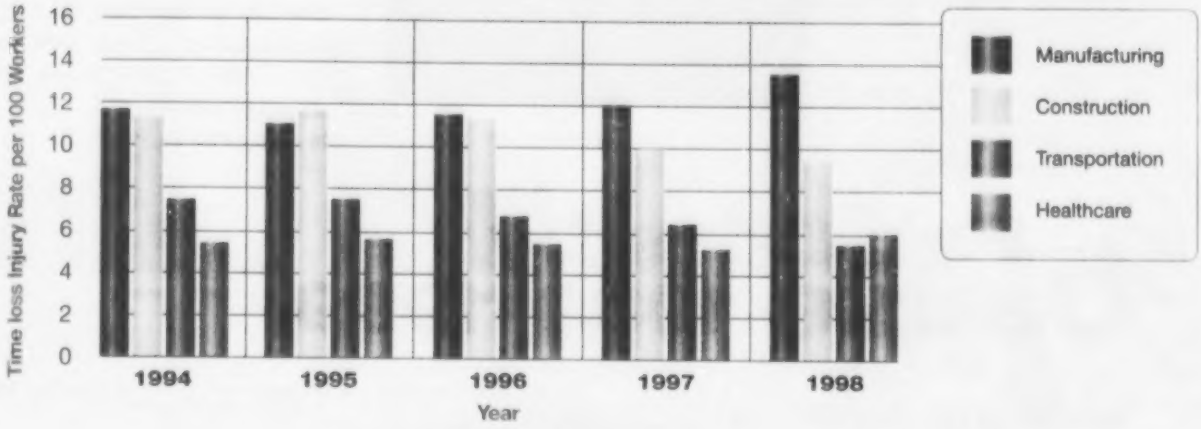
Overall Injury Rates for WCB Covered Workforce

All Provinces - 1996 - 1998



Time loss Injury Rate, Selected Manitoba Industries

The manufacturing industry not only has the highest injury rate, but the rate has been increasing in recent years. Construction's injury rate, which at one time was as high as manufacturing, has been improving.

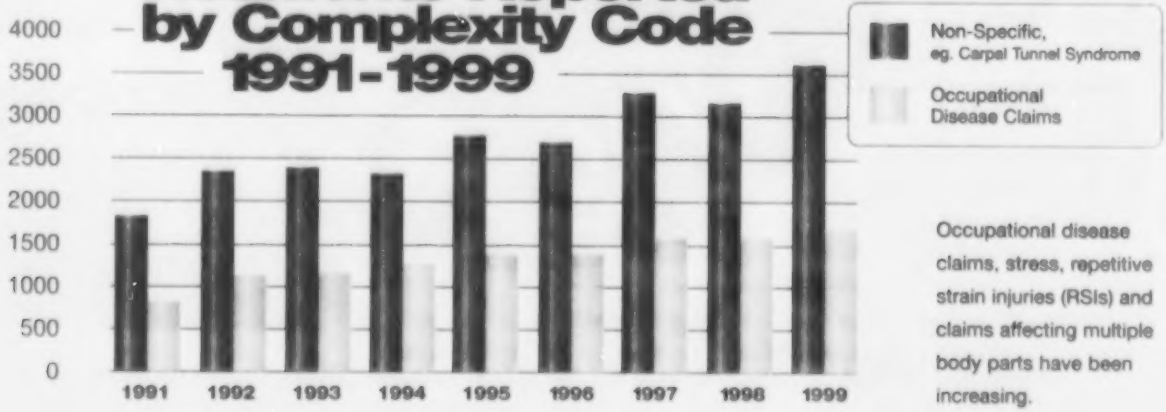


Fact:
Claims are becoming more complex

Complex claims often require the highest levels of support by the WCB, families, care givers and other agencies. Complex injuries may result in long-term disability, and sometimes in a job-related fatality.

Challenge:
Complexity in claims drains manufacturing on WCB resources. More important, complex claims mean that a greater amount of difficulty for the workers and their families.

Accidents Reported by Complexity Code 1991-1999



Source: MS Reports

Occupational disease claims, stress, repetitive strain injuries (RSIs) and claims affecting multiple body parts have been increasing.

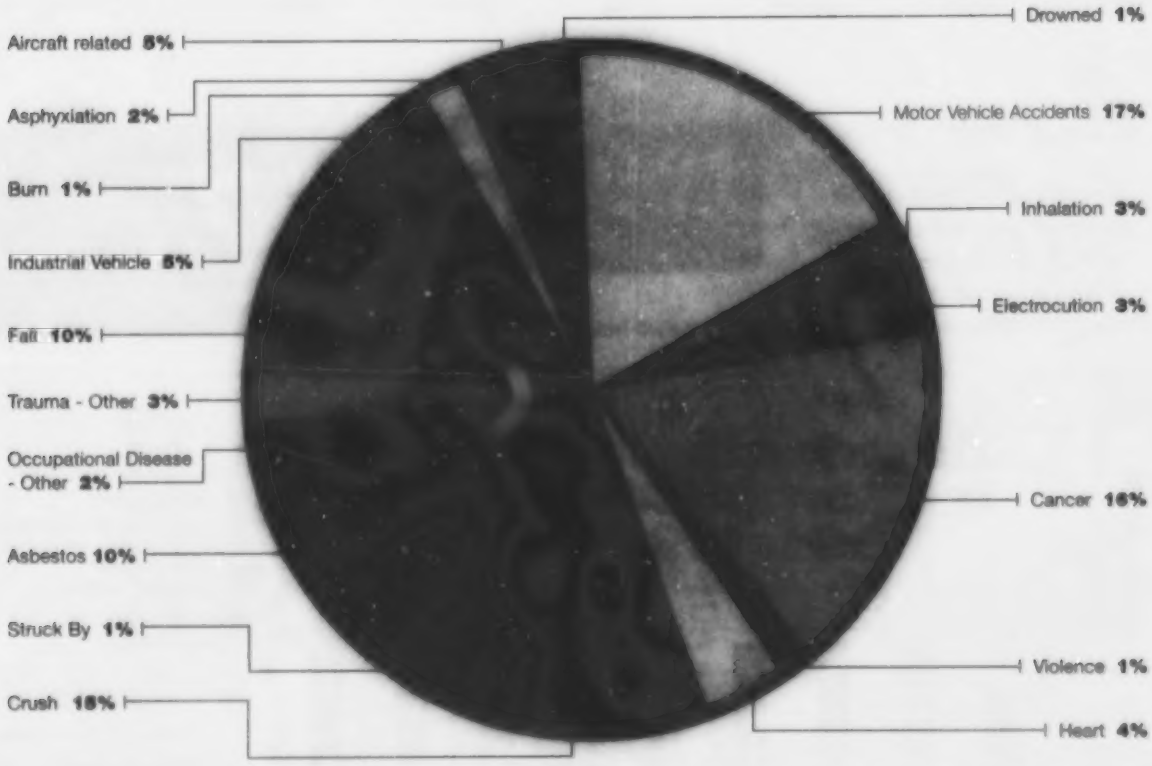
Fact:

- The number of workplace related fatalities remain high

Challenge:

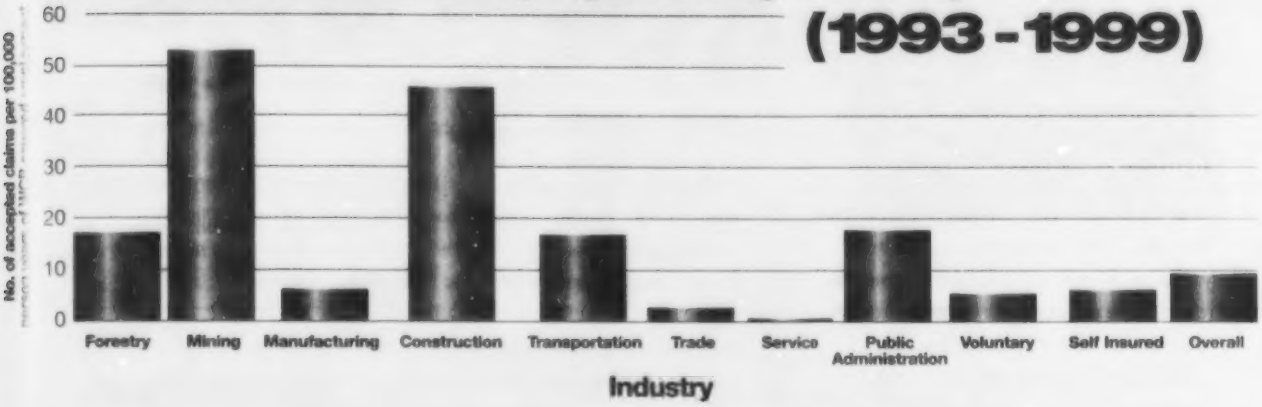
The number of accepted fatalities has remained steady, averaging between 20 to 30 each year. Over the last 10 years, there have been a total of 234 accepted claims. The major causes of accepted fatalities are motor vehicle accidents, responsible for 17%, and cancers causing 16% of all accepted fatalities. Occupational diseases account for between 28 - 31% of the fatalities.

Fatalities by Cause 1989-1999



Construction (26%), Mining (11%), Transportation (13%) and Manufacturing (15%) sectors have the highest number of fatalities. However, the mining sector has the highest fatality rate at 53 fatalities per 100,000 person years. Construction has the second highest fatality rate (45/100,000 person yrs.).

Average Accepted Fatality Rate per 100,000 Person Years of WCB Covered Employment by Industry Sector (1993 - 1999)



Each time loss injury claim prevented will save $7,000 or more. The average cost per time loss claims was $7,029 in 1999, up from a low of $6,800 in 1996. The cost to business is even greater. It has been estimated that for every dollar of compensation costs, another one to seven dollars are lost by the employer due to work disruption, equipment damage and retraining of the replacement worker. In addition, the pain and disruption to the injured workers' lives can not be measured in dollars.

One of the goals of reducing the impact of an injury is to return a worker to health and work sooner. The duration of claims is a measure of the time it takes to do so. Manitoba had the 4th longest average duration among Canadian compensation boards in 1998. While reduced claims duration has obvious benefits for the worker and employer - both human and financial - it must not be achieved by prematurely returning the worker to the workplace. A one-day reduction in average claims duration has a significant cost savings for the WCB - approximately $1.15 million annually in program costs and a one-time future cost saving of $2.3 million. Successfully impacting on claims duration means the worker has returned to health and work sooner, while the employer enjoys the restored productivity of the returning staff member.

There are regional differences in duration. While the average duration on claims benefits is relatively the same regardless of geographical location within Manitoba, average duration on rehabilitation benefits can vary by as much as 100 days within Manitoba.

Several factors affect claims duration. Average claims duration varies by type and severity of injury, industry sector, body part injured, and the age and occupation of the worker.

Another indicator used to measure service quality is "Days from Accident to Notification" and "Days from Notification to First Pay". Manitoba has not seen a basic improvement in these measures since 1995. Despite the legal requirement to report claims within five days, it took an average of 10.7 days to receive notification of an injury. This impacts Days from Notification to First Pay, which is 17.2 days over the last three years.

Even when occupational diseases and other complex claims are factored out of the measure, routine time loss and no time loss claims take an average of 11 and 15 days respectively from date of accident to notification. Regional difference within Manitoba can vary by as much as 18 days, from date of accident to the day of the first payment, with the longest delay occurring in the North.

Fact:

Challenge:

Time delays lead to backlog of claims and anxiety of claimants awaiting adjudication. Studies indicate that some claimants have difficulty recovering from their injury until an adjudicative decision to accept the claim is made. This can increase likelihood of chronicity.

Early and accurate reporting and acceptance of claims allow employers to manage workplace risk better. Reducing the days to notification can reduce the impact of workplace injury and disease.

Fact:

In spite of past efforts to improve service delivery, client satisfaction with WCB services has remained relatively flat at 70 - 75%. This suggests that additional improvements must come from new business processes and technology.

Challenge:

Client Satisfaction

Health-care Trends

Fact:

Challenge:

WCB medical aid costs have risen at higher than average inflation costs due to technological improvements, professional costs, and higher pharmaceutical usage. It is expected that healthcare will continue to experience cost increases at a greater rate than inflation

---

Fact:
Consumers are demanding quicker access to health care

Challenge:

Increased consumer knowledge of healthcare services is another new trend that has considerable potential impact on the healthcare system and on the WCB. The public is less willing to tolerate queues for elective services.

Over the next several years it is likely there will be more rigorous prioritization of elective patient queues for beds and high technology equipment. This may change the way in which hospital patients enter the inpatient and diagnostic systems, and may impact on the WCB as it works to ensure to ensure access for its claimants.

Consumer pressure is increasing on healthcare providers to be more attentive to consumer needs and to provide consistent high quality care. While this should improve outcomes for WCB claimants, it will likely cause accelerated health service expenditures and may increase pressure groups lobbying for adding services and programs of marginal effectiveness.

Fact:
Consumers are becoming more knowledgeable in health care services and will create an increased demand for new services and procedures

Challenge:

Financial Trends

Fact:

Challenge:

Manitoba had the third lowest average assessment rate in 1999, and a better than average funding ratio at 102.8 percent. This indicates Manitoba is in a good financial position.

While Manitoba has concentrated on a value style of investing, there is always an opportunity to improve its investment performance. A strong investment performance is important to maintaining low assessment rates and building adequate reserves for the future.

Fact:

Challenge:

Manitoba has the second lowest administration cost per time loss claim. Manitoba ranks first and second, respectively, in the number of time loss claims per staff member and the number of reported accidents per staff member. This indicates a relatively lean administration and that our case loads are 50% higher than the Canadian average. If not properly managed or if suitable information technology supports are not in place, this can have adverse impacts on client service and staff morale.

Strategic Initiatives

These initiatives were adopted by the Board of Directors in February 1999, and guide the WCB's short-term plans. They are described in the following pages.

Reducing Injuries and Illnesses

On average, 875 Manitobans are hurt on the job every week. That is an average of 125 people injured each day, or one every 12 minutes. In 1999, the WCB handled almost 46,000 cases of workplace accidents or illness, which resulted in WCB benefit costs in excess of $135 million. The estimated cost of these injuries to the Manitoba economy is in the range of $200 million to $800 million.

Injuries can be prevented and therefore so can the pain and disruption in the lives of injured workers.

Each injury prevented represents an opportunity to reduce the human suffering and financial costs. Just on dollars alone, if 10% of the injuries occurring in 1999 had been prevented, the savings would have been in the order of $13 million and 4,600 fewer workers would have been injured.

As part of efforts towards a safer and healthier Manitoba, and its continued evolution, the **WCB of Manitoba intends to become more active in the prevention of workplace accidents and illnesses.** The board sees focusing attention and resources towards the goal of reducing the rate and severity of workplace injuries and illness as an investment in our province's workforce.

Over the next five years the WCB has set as a priority to work with Workplace Safety and Health Division of Manitoba Labour (WS&H), industry and labour to support and encourage workplaces to reduce the hazards that cause workplace injuries and illnesses. The goal is to produce a significant drop in the time loss injury rate, from 5.6% of workers injured to less than 5%.

Injury Prevention Programs

Reduce Injury is an Increasing Priority

Reducing the severity and incidence of workplace injury and illness is a priority of the WCB. The board has developed a multi-year plan to make it a reality. This strategic plan involves elements such as active co-operation with WS&H to share information and work jointly on strategies, target prevention activities to high risk areas and educate workers and employers on how to reduce risks and control hazards in the workplace.

Long-term intervention strategies are being developed for high risk industries. WCB and WS&H are implementing a worker education program targeted at younger workers (up to 25 years old) who have the highest risk of injury. By educating them and their employers early in their careers on how to avoid injury and reduce hazards, they will be safer and more productive members of society as they continue through their working lives.

Find Areas for Greatest Impact

The WCB is also working with WS&H to review and analyze existing injury data to help define the areas where prevention and education activities would have the greatest impact. High-risk firms will be identified and targeted for intervention efforts.

The WCB will support the Workplace Safety and Health Division in their efforts to develop prevention strategies that will lead to a significant reduction in injuries.

To further assist the development of safer workplaces, the board also intends to enhance its injury data analysis by providing industry sector data to employers so they can compare it to the experience of their own firm and determine strengths and weaknesses.

Revised Rate Model

Encourage Employers to Reduce Hazards

A prime focus of Manitoba's WCB in this next period is to develop ways to encourage employers to look at the way they work, reduce hazards and make their workplaces safer. Injuries are caused in part by unsafe working conditions - controlling and reducing these unsafe conditions and hazards is an effective method for reducing workplace injuries.

Some workplaces are inherently dangerous but those dangers can be controlled and managed. The board is looking at ways to work with employers, including providing incentives, to encourage them to find ways to control workplace hazards and become more committed to workplace safety and health.

The board's assessment rate model encourages employers to reduce their claims cost experience. This year the board intends to review this model to encourage employers to implement safety and risk management activities. The new model is intended to be implemented for 2001. Any assessment rate model revisions will be developed in consultation with stakeholders.

Expansion of Coverage

Ensure More Workers have Access to WCB Supports

As part of its strategic plan for the next five years, the WCB will investigate why the uninsured percentage of Manitoba's total workforce is the largest compared to other Canadian jurisdictions. An uninsured worker, if injured, is at a financial disadvantage compared to an insured worker. A high percentage of uninsured workers may lead to strained health care resources and social services.

A large percentage of uninsured workers has implications for occupational health and safety. Uninsured injured workers do not show up in injury databases. Consequently, appropriate injury analysis and corrective measures necessary to prevent recurrences are difficult to conduct. Also, uninsured employers and workers have no access to WCB education and awareness programs to assist in managing their risks.

Returning to Health and Work Sooner

An important function of workers' compensation is to return the injured worker to health and employment. Timely return to work is in the interest of both injured workers and their employers. An extended period away from work can result in the deterioration of an injured or ill worker's skills and work habits, the inability to keep pace with changing technology and a decline in future earning potential. An employer may be forced to replace an injured worker to ensure the firm's production continuity, placing the injured worker's future employment in jeopardy. Employers face additional costs with prolonged absences from work through additional insurance premiums, direct rehabilitation costs or retraining new workers.

While the vast majority of injured workers recover quickly and return to their pre-injury job, some workers do not experience a smooth transition back to health and work. Others experience further interruptions in their employment due to the remaining effects of their injury. Early medical and disability intervention will assist these workers in a speedy recovery and return to steady and productive employment.

Manitoba's WCB believes improvements can be made in the length of time the average worker remains on compensation. A one-day reduction in average claims duration would reduce program costs by approximately $1.15 million annually. The WCB's goal is to enable injured workers to safely return to work sooner from the current average of 41 days. Another goal is to return workers to sustainable employment.

To achieve these improvements and work towards a safer and healthier Manitoba, the board must constantly look for new and better ways to provide quicker, more effective and enhanced services to injured workers which will return them to full health and employment sooner.

Case Management Reorganization

Moving to Effective Case Management

This year the WCB will implement a case management model organized along industry sectors. Work has already begun to form the teams and staff training is ongoing.

Case management involves WCB staff working as a team to more effectively deal with the needs of injured workers and their employers. Under this model the case manager oversees an integrated delivery of services (payment and support staff, health advisor, occupational therapist) for the duration of the claim. Case managers will become involved in the claims process earlier, resulting in earlier rehabilitation and return to health and work of the injured worker. This ensures a streamlining of the process and continuity throughout WCB's involvement in the claim.

The WCB deals with two main types of claims: short-term claims, which make up approximately 85% of all claims and more complex claims. The short-term claims require a minimum of direct intervention by the WCB and are handled by the Short-Term Claims department. The remaining 15% of claims require more intervention to return the worker to health and work, and will be handled by the new case manager approach.

Single Point of Contact

Case management will significantly improve how the board deals with injured workers and their claims. For those claims requiring more focused WCB interventions, case management provides a single point of contact to WCB for an injured worker and for their employer. The case management team will be assigned to a specific industry sector and become knowledgeable about the industry, the hazards and common injuries within the industry as well as the firms and employers.

The new system will increase the effectiveness of WCB intervention and speed the worker's recovery and return to work. Implementation of case management is expected to have an overall impact on the board's operations by reducing the average claim duration and therefore claims costs. In addition, the Short-Term Claims department will mirror the case management structure.

Promoting Disability Management Programs

Case managers in the WCB will be trained to help companies develop and implement disability management programs within their workplaces. Employers will be educated about the advantages of such programs and encouraged to assist recovering workers in reemployment. The rate assessment model will be one vehicle that will be modified to encourage the implementation of workplace disability management.

Often only larger firms can afford the resources required to provide a disability management program. Programs that would assist small and medium sized firms to develop these sorts of programs will be considered.

Health Care Services

Providing Effective Health Care Services

The board is working with health care providers and other professionals to seize opportunities to deliver health care services better. The WCB is looking at ways to improve access to services, ensuring those services are available when needed, are of a high quality and are at a reasonable cost. This will result in returning injured and ill workers to health and work sooner and minimizing their pain and suffering.

As part of its ongoing efforts to improve services to Manitoba workers and develop an overall health care strategy, the board is conducting a needs assessment in the provision and scope of health care services. This will include investigating expedited service arrangements, clinical practice guidelines and special programs for specific conditions.

Discussions are being held with several healthcare provider groups on issues such as access and costs of services and supplies, and the setting of standards for expected outcomes. The goal is to provide diagnostic and medical services and medications to WCB claimants quickly, more efficiently and with less cost.

Providing Superior Service

The WCB plays a vital role for injured workers and employers. The WCB is committed to being recognized by our customers for superior service. The people of Manitoba deserve no less. To achieve this, the board must continually challenge itself to set and achieve new benchmarks in performance and client satisfaction. A goal of the WCB is to achieve higher satisfaction in our customer surveys of workers and employers.

In order to fulfill the commitment to superior service and keep pace with the evolving business community, the WCB has undertaken a review and re-engineering of its business processes. This involves first understanding and measuring current practices and then, after analysis, determining the best way to achieve the board's goals. A program of change can then be developed and implemented to improve procedures.

Earlier Reporting/ Earlier Payment

Respond to the Needs of Workers

The goal of our process review is to improve WCB's response to the needs of workers and other stakeholders. For example, the Manitoba WCB has set a goal, within the next five years, of significantly reducing both the days from accident to notification, and the days from notification to first payment. The sooner WCB finds out about an accident, the sooner activities can ensure the claimant's ongoing financial needs are met, and the sooner rehabilitation can begin to return the claimant to health and work. Earlier reporting would also lead to earlier intervention in the workplace to prevent future accidents.

The time to notification and the time to first payment goals are being addressed as part of WCB's review of its business processes.

Use Technology to Improve Service

Advances in technology provide new opportunities to further reduce the time to report an accident. The WCB is exploring the expanded use of electronic mail, Internet, fax and automated voice response systems to speed receipt and processing of information. Dial-a-claim could provide a speedy, 24-hour a day method of reporting workplace accidents. Sharing documents and information electronically significantly reduces delays and provides a cost effective and efficient manner of handling information.

However, technology should only enhance and not take the place of actual person-to-person contact, especially with clients.

Technology also holds the promise of assisting the education of WCB stakeholders through automated consumer kiosks, Internet sites and other tools.

Regional Strategy

Respond to Different Geographical Needs

Just as workers and employers in different industries have different needs when it comes to service provided by the WCB, so do workers and employers in different geographic areas of Manitoba. Analysis shows different regions have differing types of industries, differing lengths of time on rehabilitation, differing proportions of industries and even different patterns of reporting accidents.

Enhance Regional Service

The WCB has looked at several options to enhance its delivery of service in all regions of the province with the objective of tailoring services to the specific needs of each region. Research has been conducted on the regional service models used by other jurisdictions and WCB data has been analyzed to assess regional service demands. Stakeholders will be consulted as the WCB continues to examine several options to determine the best match of regional needs to the types of services that could be provided outside of Winnipeg.

Balanced Benefit Entitlement

In keeping with the WCB's goal of a balanced program for employers and workers, the WCB implemented a 20% rate reduction in average assessment rates in 1999 and began a review of its benefit policies to ensure WCB services and benefits:

- lessen the negative impact of the injury on the worker;
- facilitate timely return to health and work;
- improve fairness; and
- increase the administration's flexibility to address the individual circumstances of clients.

Several policy items needing enhancements and revision were identified within the legislation. Fifteen policy issues needing urgent attention are in the process of revision and are expected to be implemented during 2000. Consultations with workers and employer groups on these policy issues are being conducted.

Building Capacity to Improve

In an effort to improve the service provided to clients and keep pace with changes in technology, the workplace and society in general, the Manitoba WCB must look at the way it works and must continually change.

Part of that change involves staying abreast of technology and finding ways to use technology to improve service. It also means evolving the culture of the entire organization to ensure the staff is properly motivated, rewarded and empowered to provide the best possible service to their clients. It also means keeping rates and administrative costs as low as possible while still providing the very best service.

The WCB deals with a myriad of clients and all their interests must be considered and protected. This includes injured workers, employers and the general public of the province, all of whom have unique perspectives and experiences. WCB must strive to understand those perspectives and work towards protecting the special interests of each group and improving the service provided to them.

Maintaining Low Premium Rates

Provide Efficient Operations

To protect the interests of employers and the general population of the province, the board must ensure its operations are effective and efficient. Continued low premium rates will be achieved through efficient administration, use of technology where appropriate and making sure the board receives good value for the money it spends.

Technology will allow WCB to move some of its administrative positions to front line services with clients, eventually lowering administrative costs while at the same time improving service capacity.

Innovation Through Technology

Utilize Technology for Service Improvement and Innovation

Advances in technology and new applications provide many opportunities to enhance service provided by the WCB. This can involve new reporting methods and new ways for injured workers to find out about the status of their claim and payments.

We are continuing to build our I.T. infrastructure to enable the board to capitalize on new opportunities for improved service.

Several Information Technology initiatives have been undertaken including:

- a monthly data exchange to provide accident profile data to WS&H to assist in overall planning and priority-setting;
- assisting the Appeal Commission in the scheduling of Doctors and Specialists for Medical Review Panels;
- exchanging data with the Canada Pension Plan to assist in the identification of duplicate payments;
- introduction of e-mail to enhance the speed of communications with our customers and others with whom we interact;
- providing the doctors in our Healthcare Department with access to desktop computing to allow greater integration within the Rehabilitation and Compensation Services Division and improved communication between resources.

Share Information with Stakeholders

As one of its strategic goals over the next few years, the board intends to develop and implement a claims management information system that provides timely access and information to employers, industry associations and workforce representatives. The information will deal with the volume, nature, cause and effects of workplace injuries and occupational disease.

The WCB is confident more can be done to make appropriate information more accessible, timely and meaningful to its stakeholders.

The WCB will establish a system to allow an employer access to all relevant WCB information and services, including Assessments, Employer Services, Adjudication, Case Management, Vocational Rehabilitation, and Employment Specialists, without duplication. The WCB will extend this principle to Workplace Safety & Health Division of Manitoba Labour, established Safety Officer Programs and other industry groups and associations.

The WCB recognizes that safety and health committees and worker representatives can make significant contributions toward development and implementation of sustainable improvements in workplace health and safety, and will seek their input.

Valuing People

Promote High Performance throughout the Corporation

Part of the WCB's human resources strategy involves ensuring all employees understand the corporation's strategic direction and are given the necessary training and tools to work towards that direction. That includes a comprehensive management training program and training to support new case management teams.

The WCB has undertaken several key initiatives to put increased emphasis on teamwork and employee involvement. These teams include: Administrative Policy Development, Rate Model Development, Coverage Policy Development, Sector Re-organization, and Business Process Renewal. Development of transition plans to facilitate reorganization and technology are underway.

Investment Returns

Investment strategies have been reasonable and prudent. Investment returns have been in keeping with the board's value-oriented investment strategy.

Led by Manitoba in 1999, the boards across Canada developed a system of indicators that would allow for a fair comparison among jurisdictions of investment returns.

The Manitoba WCB's goal over the next few years is to achieve improved investment performance so as to be above the average in Canada. As well, the WCB intends to examine more investment opportunities within Manitoba.

Corporate Measures

The board understands its measurements of success or failure are not just financial. The board exists to help **people** and usually at a time when people are at their most vulnerable - in times of stress, injury and financial insecurity.

For those reasons, the board is establishing internal corporate measurements to reflect its operations, and progress made on strategic initiatives in a variety of categories. By communicating the results of those measurements as well as the desired outcomes, the board will work to improve its delivery of service and client satisfaction.

While the contents and reporting mechanisms of the corporate measurements will be refined over time through staff consultation, target revisions and changing strategic initiatives, a prototype of measurements with a "balanced" approach to key performance areas and stakeholder perceptions has been developed. Implementation of this prototype, through staff information and consultation, is starting in 2000.

The prototype set of measurements include overall client satisfaction, staff morale, operational statistics (number of accidents, reporting times, etc.) as well as financial results. These factors, when put together in a balanced way and properly analyzed, will paint a picture of how well the board is operating and dealing with its clients. That picture will be used to set future goals and expected outcomes to improve the overall performance of the board and the service it provides to Manitobans.

Conclusion

The WCB exists to serve and protect workers and their employers in Manitoba. This document has set out the current situation in Manitoba, which can be described as a case for change. Without significant change, the WCB will become less relevant in the lives of workers in Manitoba. If this were to happen, it would have a detrimental impact on the province. Fewer workers would have access to the protection, rehabilitation and hazard prevention services of the board.

Change is an important part of doing business in the current economic climate. The ability to change where needed is an indicator of an organization's ability to succeed.

The employers of this province face, on a daily basis, the challenges of constant change. Technology is a major driver of change in the new millennium, but so are the expectations and demands of clients and the public. Companies are finding new ways of delivering service and finding new services to deliver. Governments also need to change the way they operate to keep up with the demands and expectations of the people they serve.

In this environment, Manitoba's WCB must also change.

The board must change to better align itself to the way its clients are doing business, to deliver services better, to deliver more and different services, to stay attuned to the services employers want and need and to continue to act for the protection of workers in Manitoba.

Through a variety of initiatives, including looking within itself and asking tough questions, the board has begun that change and will continue to evolve as the economic and business climate evolves in Manitoba. The WCB will continue to look at the way it delivers services and the way employers and workers want those services delivered, and will alter the path as necessary.

The board has worked hard to establish the trust of staff, workers, employers and the public. The board values that trust, and will work hard to maintain the trust people put in their workers compensation system.

The WCB will also continue to focus on its prime mission - the protection of workers in Manitoba. Through change set out in this strategic plan and subsequent plans, we will continue to work together with our partners to build a safer and healthier Manitoba.

Financial Projections

The strategic directions are significant endeavours, which will require a new corporate mindset, and which will have a dramatic impact on the way the WCB delivers its services and interacts with its claimants in the future. In planning for the next five years, the WCB has projected its financial position from 2000 to 2004. The financial projections are based on a model predicated on certain major assumptions and subject to certain risks not under the control or influence of the WCB.

Overview of Expectations

A number of trends are expected:

- The board's total revenues will continue to shrink over the next three years as investment revenue declines due to softer investment markets, and assessment rates are maintained at $1.45 per $100 of assessable payroll. Total revenue growth over the five year period is projected to be only 5.2%.

- Claimant program expenses are expected to increase by 9.8% from 1999 to 2004 as the cost of the administrative policy amendments exceeds the expected reductions in costs. This is due to the anticipated decline in duration of compensation wage loss.

- Administration expenses are projected to increase by 9.8% over the five year period, largely due to inflation and increased depreciation for IT capital expenditures.

- The board's operating surpluses will be smaller during the next few years, with a low water mark of $2.7 million in 2003.

- The Rate Stabilization Fund Balance is budgeted to reach its target level of $65 million in 2000, while the Accident Fund Balance will grow from its current level of $20.0 million to $39.5 million by the end of 2004.

- Cash flow results are expected to be similar to those experienced in 1999. Orderly redemptions from the investment portfolio of $36 to $40 million will occur annually. The loan facility with the Province of Manitoba will be used to smooth out the cash flow peaks and valleys.

A more detailed commentary on significant individual items within the Five Year Plan follows.

- **Cash** balances will remain at minimal levels as the loan facility with the Province is used to cushion cash flow needs. Accordingly, large cash reserves are neither necessary nor desired.

- The rate of growth in the **investment portfolio** w slow over the next five years because market growt is expected to soften as there is a possibility that th long bull market is reaching its end, and ii) annual redemptions of $36 to $40 million are required to fund operations.

  The investment portfolio's market value is expected to reach $838 million by 2004, an increase of 9.3% from today's balance of $767 million.Growth and income will be sufficient to cover the annual redemptions.

  The portfolio's book value is expected to climb fro $677 million at the end of 1999 to $736 million by 2004 (total increase of 8.6%). Book value will not rise as rapidly as market value as a result of the board's accounting policy to smooth-in gains and losses over 60 months. This partially explains the decline in accounting revenue in the years 2000 to 2003, as the board stops recording the strong mar gains from the bull markets in the mid 90's and insteads recording the single digit gains of of the la 90's.

- **Capital assets**, net of accumulated depreciation, ended 1999 at a balance of $13.5 million, with approximately $1 million of deferred projects to be

completed in 2000. The 2000 capital budget of $5.2 million, the majority of which is for IT and Business Process Renewal (BPR) purposes, will be offset by budgeted depreciation of $3.85 million. This will result in a December 31, 2000 capital assets balance of $15.8 million. Thereafter, capital expenditures are projected to be $5.5 million per year, broken down as $5 million for IT and $500,000 for other capital items. The $5 million annual provision fortechnology will create a pool of resources to fund the various BPR initiatives. Depreciation charges will escalate to $4.5 million in 2001 and $5.0 million annually, beginning in 2002. The netbook value of the board's capital assets is projectedto be $18.3 million by the end of the Five Year Plan, an increase of 36% over the period.

- **Benefit liabilities** will rise by slightly over 6% over five years to a balance of $690 million. There are a number of drivers that affect this balance including:

  - the cost of amended administrative policies to enhance benefits;
  - the expected growth in reported accidents and claims, due to the growth in employment;
  - a reduction in duration on compensation wage loss claims totaling two days by 2002; and;
  - the continual winding down of Old Act pensionliabilities as monthly payments to claimants exceed the sum of new capitalizations and interest allocated to the liability by $3 million or more per year.

- The budgeted operating surpluses will permit the board to increase its reserves from a total of approximately $77 million at the end of 1999 to $107 million five years later (an increase of 39%).

- The board's **funding ratio** will climb marginally from 102.8% to 105.1% over the five year span, indicating that our financial position will be stronger, but not dramatically so.

Key Assumptions

Key assumptions, as at December 21, 1999, used in developing these budgets are:

Benefit Assumptions:

1) The budgets are based on existing legislation. Any changes to the Act for claimant benefits or employer coverage will be dealt with as budget amendments as they arise.

2) The 2000 budgets are based on administrative policies which are anticipated to be in effect during 2000. This includes 15 proposed administrative policy amendments which have been reviewed by the Policy Committee. The effects of the amendments are phased in throughout 2000.

3) Employment growth is expect to average approximately 1.5% per annum. It is assumed that the accident rate will remain constant and thus reported accidents and claims will rise by about 1.5% annually.

4) Inflation and the average weekly wage are assumed to increase by approximately 1.5% per annum.

5) The average assessment rate is assumed to remain constant at $1.49 per $100 of assessable payroll. Increases to premium revenue will be generated by increased employment and higher wages (assessable payrolls).

6) As a result of the new case management reorganization, it is assumed that duration for compensation wage loss will be 29.5 days in 2000, 28.5 days in 2001 and 27.5 days in 2002 - 2004. This will result in annual savings of $2.3 million (2002 to 2004) and a one time reduction in future costs of $4.6 million.

7) Although reductions in both medical aid expenses and the injury rate are expected to be achieved as a result of the case management reorganization, the anticipated savings are difficult to estimate and are thus excluded from the budgets.

8) Expenses are based on contractual arrangements in place in December 1999. Potential savings from the negotiation of preferred provider arrangements are not included in the budgets.

9) Wage loss compensation is based on the injured worker's net pay after income taxes. These projections are based on taxation legislation in effect at the end of 1999.

Investment Income Assumptions:

1) Market growth for equities and bondswill be flat in 2000; increasing to 6% and 1% per annum, respectively, for 2001; and 6% and 2% per annum, respectively, thereafter.

2) Rates of return for 2000 are expected to be unchanged from 1999 (equities 1.5%; bonds 6%), increasing in 2001 to 2004 to 2% for equities and 6.25% for bonds.

3) Expenses will be relatively unchanged from 1999.

4) The investment portfolio will require redemptions of $40.5 million in 2000 for cash flow needs. Thereafter, annual redemptions will be in the range of $36 to $38 million.

Administrative Assumptions:

1) As a result of the sector reorganization, some of the board's staff may be displaced from their previous positions. The board has made a commitment to carry these surplus staff until appropriate arrangements are able to be made.

2) Administration expenses, other than depreciation, are assumed to grow at 1.5% per annum after 2000 with the exception of salary costs. Reductions to salary expenses of $800,000 in 2001 and a further $600,000 in 2002 will result from the human resource staffing plan to reduce positions by redeploying staff from lower priority jobs to the sector case management model.

3) The 2000 budgets assume a status quo for space requirements, other than setting aside $275,000 for renovations relating to additional staff in the reorganization.

4) Assumptions have been made about staffing dates for new and vacant positions. On average, approximately 9 months of salary is built into the 2000 budget for these positions.

5) A salary vacancy credit of 6% is included in the 2000 administration expense budget.

6) It is expected that the Y2K issue will have a minimal impact on the board's operations and on the incidence of workplace injuries. Accordingly, the budgets do not include any specific charges relating to Y2K.

7) Capital expenditures are budgeted for $5,189,000 in 2000 and are projected to be $5.5 million per year thereafter, broken down as $5 million for IT and $500,000 for other capital items. The $5 million annual provision for technology will create a pool of resources to fund the various re-engineering initiatives.

8) Depreciation changes are budgeted at $3.85 million in 2000, escalating to $4.5 million in 2001, and $5.0 million annually thereafter.

9) Changes to regional services, if any, are not included in the 2000 budget.

Risks

There are circumstances beyond the control of the board which may influence its future financial results.

The risk of dramatic surges in reported accidents due to higher than expected economic growth would impact claim costs, possibly causing them to rise disproportionately. In today's competitive environment, many companies understand that they must respond and change rapidly in order to meet their customers needs. In times of high growth, companies usually focus on changes to the assembly lines and manufacturing processes to expand capacity. Other needs - internal controls for equipment, operating procedures/policies, training programs and safety mechanisms - may fall behind. Even employers with good records may experience an increase in accidents if their growth is not manageable.

Other risks may arise from unpredictable increases in average claims costs. A sharp increase in compensation duration, rehabilitation duration, or average costs impacts significantly on program costs.

The time required to return an injured worker to health and work continues to have a large impact on program costs. The board can influence this by educating employers in disability management or other training initiatives, such as alternate modified work programs. Employers can also be shown how to remove many of the delays that prolong workers' return to work.

In addition, the following hazards could affect revenue and costs to some degree:

1) Large scale or widespread strikes or major layoffs would depress revenue. While none are forecasted for 2000, previous years suggest that these occurrences are possible.

2) Investment market volatility or another correction to the market could upset gains and forecasts for investment revenue.

3) Any catastrophic event which results in a significant variation from annual averages for accident frequency and/or severity could cause a one-time deterioration in the financial position of the Accident Fund Balance. The Rate Stabilization Fund Balance protects the Accident Fund Balance against these catastrophic events.

These changes might affect the prepared estimates and budgets if they were to continue for any extended period of time.

The board's financial statement projections for 2000 to 2004 are shown on pages 100 to 103. Actual results achieved for these five years will vary from the information presented and the variations may be material.

Balance Sheet (Unaudited)

As at December 31
(000's)

	1999 Actual	2000 Budget	2001 Projection	2002 Projection	2003 Projection	2004 Projection
ASSETS						
Cash	$ (1,210)	$ (1,248)	$ (1,157)	$ (1,076)	$ (981)	$ (874)
Receivables	20,823	21,614	22,153	22,723	23,325	23,942
Investment portfolio	677,312	693,469	704,196	712,202	720,223	735,503
Deferred assessments	26,805	26,567	27,202	28,716	30,019	31,442
Capital assets	13,493	15,826	16,826	17,326	17,826	18,326
	$ 737,223	$ 756,228	$ 769,220	$ 779,891	$ 790,412	$ 808,339
LIABILITIES AND FUND BALANCES						
Payables and accrued liabilities	$ 9,664	$ 10,077	$ 10,177	$ 10,290	$ 10,425	$ 10,562
Benefit liabilities	650,437	660,106	665,685	672,006	679,640	690,322
Total liabilities	660,101	670,183	675,862	682,296	690,065	700,884
Rate stabilization fund balance	57,104	65,000	66,000	66,500	67,000	68,000
Accident fund balance	20,018	21,045	27,358	31,095	33,347	39,455
	$ 737,223	$ 756,228	$ 769,220	$ 779,891	$ 790,412	$ 808,339
Funding Ratio (AWCBC method)	102.8%	102.9%	103.7%	104.2%	104.4%	105.1%

NOTE: The Projected financial statements have been prepared based on the key assumptions (p. 98) and the board's accounting policies described in the notes to the Financial Statements (p. 62).

WORKERS COMPENSATION BOARD

Statement of Operations (Unaudited)

For the years ending December 31
(000's)

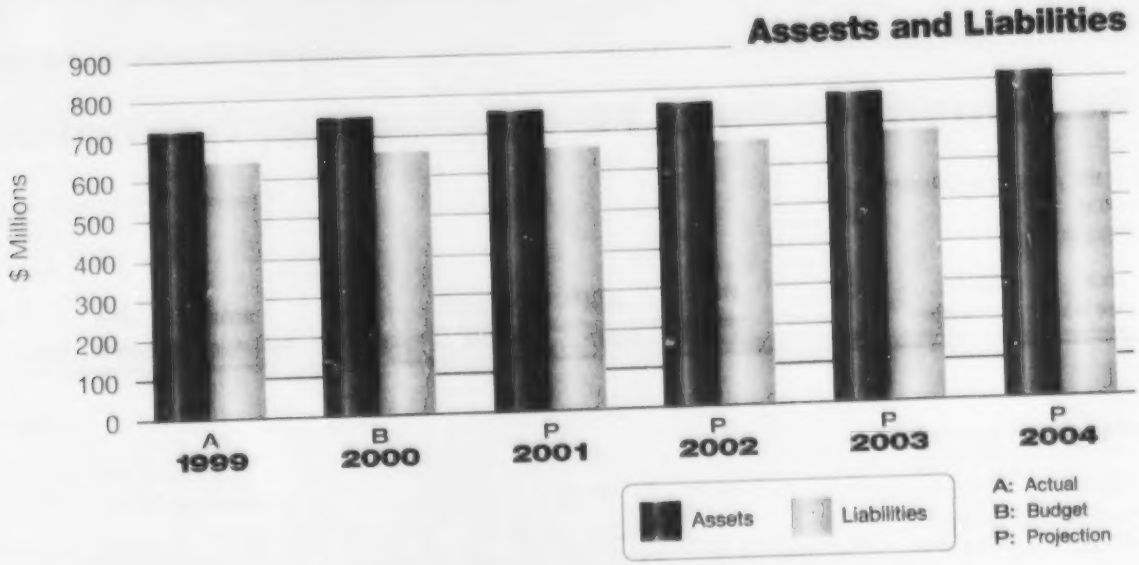
	1999 Actual	2000 Budget	2001 Projection	2002 Projection	2003 Projection	2004 Projection
INCOME						
Premiums - Class E employers	$110,328	$116,100	$119,583	$123,170	$126,866	$130,672
Premiums - self-insured employers	18,824	17,140	17,505	17,991	18,593	19,197
Total premium revenue	129,152	133,240	137,088	141,161	145,459	149,869
Investment revenue	61,833	56,657	48,927	44,005	43,821	50,980
Total revenue	190,985	189,897	186,015	185,166	189,280	200,849
EXPENSES						
Claims costs incurred	135,264	136,357	134,500	137,092	141,867	148,577
Operating expenses	42,445	44,379	44,838	45,351	45,964	46,586
Total expenses	177,709	180,736	179,338	182,443	187,831	195,163
Operating surplus before deferred assessments	13,276	9,161	6,677	2,723	1,449	5,686
Increase (decrease) in deferred assessments	(4,772)	(238)	636	1,514	1,303	1,422
OPERATING SURPLUS	8,504	8,923	7,313	4,237	2,752	7,108
Transfer to rate stabilization fund balance	(8,504)	(7,896)	(1,000)	(500)	(500)	(1,000)
Increase in accident fund balance	0	1,027	6,313	3,737	2,252	6,108
Accident fund balance, beginning of year	20,018	20,018	21,045	27,358	31,095	33,347
ACCIDENT FUND BALANCE, end of year	$ 20,018	$ 21,045	$ 27,358	$ 31,095	$ 33,347	$ 39,455

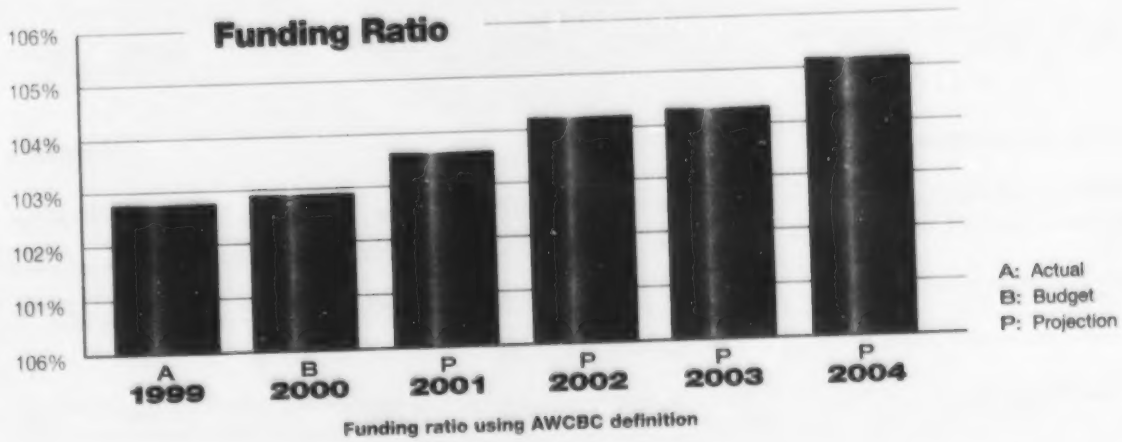
Statement of Cash Flows (Unaudited)

For the years ending December 31
(000's)

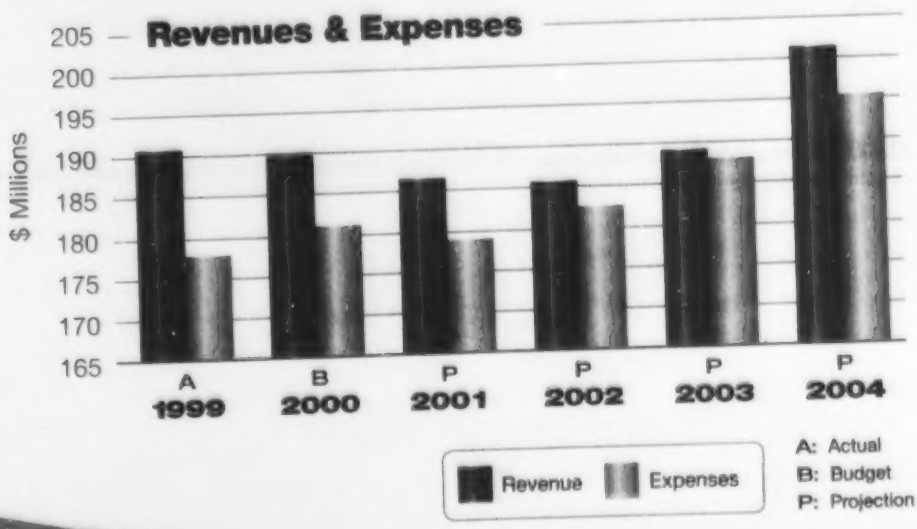
	1999 Actual	2000 Budget	2001 Projection	2002 Projection	2003 Projection	2004 Projection
OPERATING CASH FLOWS						
Premiums from employers	$ 129,773	$ 132,449	$ 136,550	$ 140,590	$ 144,857	$ 149,251
Payments to claimants or third parties on their behalf	(137,301)	(126,688)	(128,921)	(130,771)	(134,233)	(137,895)
Purchases of administrative goods and services	(36,953)	(40,110)	(40,238)	(40,238)	(40,829)	(41,449)
Net cash used by operating activities	(44,481)	(34,349)	(32,609)	(30,419)	(30,205)	(30,093)
INVESTING CASH FLOWS						
Proceeds from investment portfolio	25,708	40,500	38,200	36,000	35,800	35,700
Capital asset acquisitions, net of disposals	(3,975)	(6,189)	(5,500)	(5,500)	(5,500)	(5,500)
Net cash provided by investing activities	21,733	34,311	32,700	30,500	30,300	30,200
Net increase (decrease) in cash	(22,748)	(38)	91	81	95	107
Cash, beginning of year	21,538	(1,210)	(1,248)	(1,157)	(1,076)	(981)
Cash, end of year	$ (1,210)	$ (1,248)	$ (1,157)	$ (1,076)	$ (981)	$ (874)

NOTE: Proceeds from investment portfolio includes the following categories: investment revenue, proceeds on disposal of investments and purchase of investments





Funding ratio using AWCBC definition



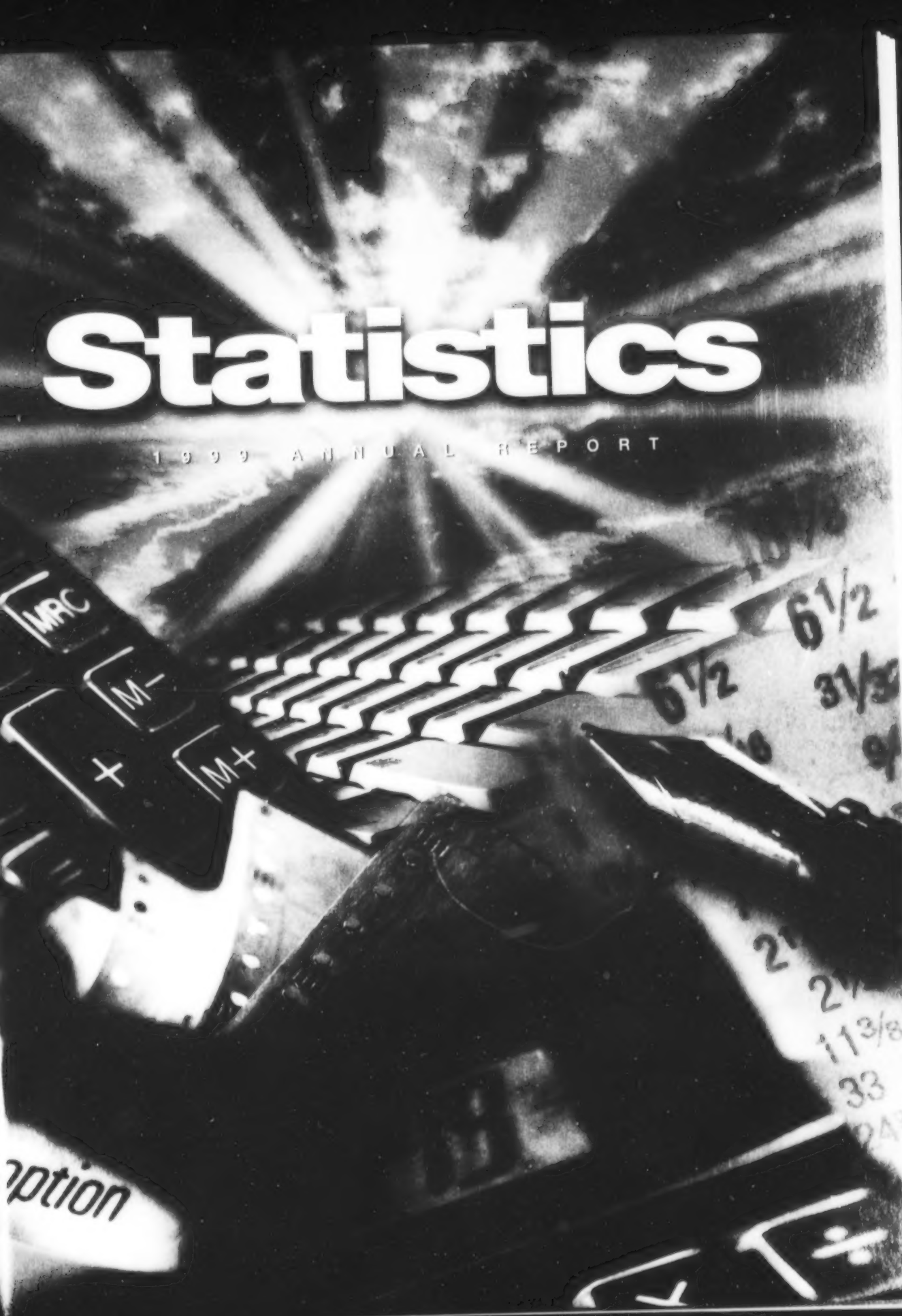

Statistics
1999 ANNUAL REPORT
MRC
M-
M+
6 1/2
6 1/2
31/3
2
2
113/8
33

Table of Contents

Claims Services Statistics

1	Claim Statistics	107
2	Pension Benefits	107

Figures

1	Cause of Accident	108
2	Region of Body	109
3	Nature of Injuries	109
4	Month of Occurrence	110
5	Number of days Between Board Notification and Claim Adjudication	110
6	Percentage of Accidents Reported by Class	110
7	Time loss Accidents by Source of Injury	111
8	Time loss Accidents by Occupational Grouping	112

Tables

1	Accidents Reported by Class	113
2	Compensable Accidents Settled by Class	113
3	Compensable Accidents Settled	114 -115
4	Accidents Settled and Reported	115
5a	Fatality Claims Processed	116
5b	Fatalities Accepted by Cause	116
6	Average Duration of Settled Claims by Accident Year	116
7	Class E Employers Assessment Statistics	116

Claims Services Statistics

1 Claims Statistics

	1993	1994	1995	1996	1997	1998	1999
Claims							
Current year claims registered during year	36,204	40,352	40,647	39,896	41,953	44,296	43,927
Prior year claims registered during year	1,377	1,652	1,731	1,639	1,878	1,703	1,725
Claim files settled							
Medical Aid Only	13,9<3	13,303	14,986	14,039	14,039	15,822	15,125
No Cost Claims	4,883	4,509	4,526	4,333	4,391	4,752	4,820
Time loss Claims	16,218	17,789	18,344	16,144	17,327	18,385	19,800
Claims Initially Rejected	878	521	785	738	914	821	907
Claims Referred	5,272	4,173	4,777	4,570	5,392	5,605	5,742

2 Pension Benefits

	1993	1994	1995	1996	1997	1998	1999
Permanently disabled	4,734	4,659	4,558	4,475	4,429	4,322	4,200
Widow(er)s	548	539	524	513	506	497	530
Children	326	332	342	345	348	360	403
Other dependents	8	8	5	8	7	6	8

Figures

1 Cause of Accident

Time loss Accidents Only/1999 Not Elsewhere Classified - n.e.c. Unspecified - uns

Cause of Accident	#	%
Overexertion in lifting	3175	17.05
Bending, climbing, crawling, reaching, twisting	1884	10.12
Struck by falling object	1003	5.39
Overexertion in pulling or pushing objects	957	5.14
Struck by slipping handheld object	895	4.81
Fall to floor, walkway, or other surface	875	4.70
Struck against stationary object	836	4.49
Fall onto or against objects	589	3.16
Compressed/pinched by rolling, sliding/shifting obj.	499	2.68
Rubbed or abraded by foreign matter in eye	482	2.59
Overexertion in carrying, turning, or wielding	440	2.36
Slipping on something	437	2.35
Struck against moving object	383	2.06
Contact with hot objects or substances	337	1.81
Overexertion, n.e.c.	319	1.71
Repetitive placing,/moving objects, except tools	296	1.59
Struck by object, n.e.c.	286	1.54
Bodily reaction, n.e.c.	269	1.44
Caught in running equipment or machinery	256	1.37
Fall from nonmoving vehicle	206	1.11
Fall down stairs or steps	204	1.10
Repetitive use of tools	202	1.08
Struck by discharged object or substance1	192	1.03
Repetitive motion, n.e.c.	186	1.00
Contact with skin or other exposed tissue	168	0.90

Cause of Accident	#	%
Struck by swinging or slipping object, n.e.c.	167	0.90
Fall from ladder	165	0.89
Struck by or slammed in swinging door or gate	154	0.83
Struck against object, n.e.c.	144	0.77
Struck by dislodged flying object, particle	135	0.72
Tripping over something	125	0.67
Fall to lower level, n.e.c.	119	0.64
Struck by rolling, sliding obj. on floor	104	0.56
Overexertion in throwing objects	102	0.55
Slip, trip, loss of balance--without fall	101	0.54
Exposure to welding light	97	0.52
Overexertion, uns	92	0.49
Caught in/compressed by equip./obj., n.e.c.	88	0.47
Fall from scaffold, staging	86	0.46
Hitting, kicking, beating	84	0.45
Stepped on object	69	0.37
Stepping in a hole	65	0.35
Nonclassifiable	55	0.30
Struck by flying object, n.e.c.	54	0.29
Assaults and violent acts by person(s), n.e.c.	50	0.27
Standing	48	0.26
Inhalation of substance, uns	48	0.26
Pedest. struck by veh., mobile equip. in parking lot	43	0.23
Walking--without other incident	41	0.22
Moving in intersection	34	0.18

2 Region of Body Injured

All reported accidents, not specifically rejected/1999

Region of Body Injured	#	%
Hand	9255	23.78
Lower Spine	5777	14.84
Multiple Injuries	5550	14.26
Eye(s)	3649	9.37
Lower Leg	3423	8.79
Lower Arm	3143	8.07
Shoulder	1528	3.93
Foot	1405	3.61
Miscellaneous	1007	2.59
Thorax	961	2.47
Head	892	2.29
Abdomen	483	1.24
Neck	393	1.01
Upper Leg	339	0.87
Dorsal spine	283	0.73
Cardio/Respiratory	251	0.64
Hearing	202	0.52
Pelvis	176	0.45
Upper Arm	155	0.40
Industrial Disease	52	0.13

3 Nature of Injuries

Time loss Claims/1999
Not Elsewhere Classified - n.e.c. Unspecified - uns

Diagnosis	#	%
Sprains, strains, tears, uns	7484	40.18
Bruises, contusions	1789	9.61
Cuts, lacerations	1766	9.48
Fractures	760	4.08
Back pain, hurt back	688	3.69
Multiple traumatic injuries and disorders, uns	564	3.03
Foreign bodies (superficial splinters, chips)	514	2.76
Crushing injuries	421	2.26
Soreness, pain, hurt, except the back	354	1.90
Punctures, except bites	343	1.84
Tendonitis	274	1.47
Traumatic inj. to muscles, joints, etc. uns	217	1.17
Sprains and bruises	190	1.02
Surface wounds and bruises, uns	154	0.83
Epicondylitis	152	0.82
Facet syndrome	149	0.80
Second-degree heat burns, scalds	147	0.79
Abrasions, scratches	130	0.70
Traumatic tendinitis	125	0.67
Rotator cuff tear	116	0.62
Heat burns, scalds, uns	113	0.61
Carpal tunnel syndrome	105	0.56
Inguinal hernia	102	0.55
Herniated disc, including slipped & ruptured disc	102	0.55
Cuts, abrasions, bruises	100	0.54
Fractures and other injuries	100	0.54
Welder's flash	93	0.50
Inflammation & irritation of joints, tendons, muscles,uns	90	0.48
Amputations, fingertip	88	0.47
Sciatica	83	0.45
Other injuries to muscles, tendons, joints, etc., uns	81	0.43
Dislocations	80	0.43
Chemical burns, uns	60	0.32
Multiple diseases, conditions, & disorders	59	0.32
Concussions	53	0.28
Rotator cuff syndrome	48	0.26
Dermatitis, uns	48	0.26
Traumatic bursitis	45	0.24
Burns, uns	45	0.24
Anxiety, stress, neurotic disorders, uns	44	0.24
Rheumatism, except the back, n.e.c.	44	0.24
Asphyxiations/strangulations, suffocations	43	0.23
Tenosynovitis	38	0.20
Conjunctivitis--non-viral	36	0.19
Multiple traumatic injuries & disorders with fractures	33	0.18
Avulsions	31	0.17
Hernia, n.e.c.	30	0.16
Deafness, hearing loss or impairment	29	0.16
Other poisonings and toxic effects, n.e.c.	28	0.15
First-degree heat burns, scalds	26	0.14

Figures

4 Month of Occurence

All Reported Accidents, Not Specifically Rejected/1999

Month of Occurence	#	%	Month of Occurence	#	%
January	2889	7.41	July	3348	8.59
February	3072	7.88	August	3566	9.15
March	3394	8.71	September	3477	8.92
April	3092	7.93	October	3320	8.52
May	3265	8.38	November	3336	8.56
June	3562	9.14	December	2652	6.80

5 Number of Days Between

Board Notification and Claim Adjudication

Time loss Accidents/1999

Days	%
0-5	32.65
6-10	21.27
11-20	25.94
21-30	11.68
31-40	3.92
41-60	2.61
61-90	0.91
91-183	0.80
184-365	0.23

6 Percentage of Accidents Reported

by Class/1999

Class	%
City of Wpg.	2.6
Class E	89.3
CPR/CNR,Air Can,Via	2.2
Govt. Can.	1.8
Prov. Man.	4.2

Time loss Accidents
by Source of Injury

All Time loss Accidents,
Not Specifically Rejected/1999
Not Elsewhere Classied - n.e.c.
Unspecified - uns

Source	%
Bodily motion or position of injured, ill worker	20.37
Health care patient or resident of health care facility	4.72
Floor of building	4.35
Boxes, crates, cartons	4.29
Ground	2.71
Knives	2.47
Metal chips, particles	1.87
Vehicle & mobile equip. parts, n.e.c.	1.77
Doors	1.53
Bags, sacks, totes	1.26
Cart, dolly, handtruck	1.26
Nonclassifiable	1.24
Buckets, baskets, pails	1.03
Skids, pallets	0.99
Bars, rods, reinforcing bar (rebar)	0.87
Ice, sleet, snow	0.74
Metal sheets, ingots, bars--nonstructural	0.69
Cabinets, cases--display, storage	0.67
Tables, worktables	0.67
Nails, brads, tacks	0.65
Reels, rolls	0.64
Sheet metal	0.63
Machinery, uns	0.63
Tanks, bins, vats	0.63
Wood, lumber, uns	0.63
Person--other than injured or ill worker, n.e.c.	0.61
Dies, molds, patterns	0.61
Pots, pans, trays	0.60
Semitrailer, tractor trailer, trailer truck	0.60
Plates, metal panels	0.57
Stairs, steps--indoors	0.56
Dirt particles	0.56
Beams	0.54
Metal materials--nonstructural, n.e.c.	0.54
Glass, window panes	0.53
Plywood, wood panelling; particle, chip, flake board	0.51
Parking lots	0.49
Drills--powered	0.48
Food slicers	0.46
Pipes, ducts, tubing, n.e.c.	0.42
Machinery, n.e.c.	0.42
Sidewalks, paths, outdoor walkways	0.41
Automobile	0.41
Street, road	0.39
Grinders, abraders	0.39
Bundles, bales	0.39
Welding and heating handtools--powered, uns	0.35
Table saws	0.34
Parts & materials, n.e.c.	0.33
Wrenches	0.33
Barrels, kegs, drums	0.32
Co-worker, former co-worker of injured or ill worker	0.31

Source	%
Truck, uns	0.31
Walls	0.31
Water	0.30
Pallet lift truck--motorized	0.30
Windows	0.29
Containers--pressurized, n.e.c.	0.29
Hoses	0.29
Beds, bedding, mattresses	0.29
Dimensional lumber: 2x4, 2x3, etc.	0.29
Garment racks, other racks	0.28
Chairs	0.27
Fats, oils	0.26
Stairs, steps--outdoors	0.26
Ramps, runways, loading docks	0.26
Swine	0.26
Spot welding machinery	0.25
Structural metal materials, n.e.c.	0.24
Parts & materials, uns	0.24
Hammers--power not determined	0.24
Furniture, uns	0.23
Other structures, uns	0.23
Sledges	0.23
Cans	0.23
Metal pipe, tubing	0.23
Machine and appliance parts, n.e.c.	0.23
Chips, particles, splinters, n.e.c.	0.22
Metal materials--nonstructural, uns	0.22
Molten or hot metals, slag	0.22
Hammers	0.22
Wallboard, drywall	0.21
Stairs, steps, uns	0.21
Forklift, uns	0.20
Wheels, tire rims	0.20
Forklift, n.e.c.	0.20
Drills--stationary	0.20
Bodily conditions of injured, ill worker	0.19
Vises, clamps	0.18
Jacks, n.e.c.	0.18
Wood chips, sawdust	0.18
Rollers	0.17
Wood, lumber, n.e.c.	0.17
Tires, except bike	0.17
Drums, pulleys, sheaves	0.17
Noise	0.17
Sewing, stitching machinery	0.17
Concrete blocks, cinder blocks	0.17
Bus	0.17
Clamps, couplings	0.16

8 Time loss Accidents

by Occupational Grouping

All Time loss Accidents,
Not Specifically Rejected/1999
Not Elsewhere Classied - n.e.c.
Unspecified - uns

Occupation	#	%
Other labourers, processing	975	5.23
Motor vehicle assemblers	839	4.50
Nurse aides & orderlies	810	4.35
Truck drivers	667	3.58
Material handlers	625	3.36
Cnstrctn trades helpers	615	3.30
Labourer food, beverage	507	2.72
Nurses, registered	456	2.45
Shippers & receivers	431	2.31
Welders	430	2.31
Janitors, caretakers	421	2.26
Labourer metal fabrication	328	1.76
Cooks	318	1.71
Grocery clerks & shelf stockers	310	1.66
Motor vehicle mechanics	310	1.66
Public works workers	287	1.54
Delivery drivers	279	1.50
Oth trades helpers NEC	256	1.37
Visiting homemakers	251	1.35
Butchers & meatcutters, ind.	242	1.30
Heavy duty equip. mechanic	233	1.25
Cleaners, light duty	231	1.24
Carpenters	222	1.19
Furn. & fixture assemblers	203	1.09
Other prod. machine operators	199	1.07
Metalworking mach. operators	197	1.06
Sales clerks, retail	191	1.03
Painters & coaters, mfg.	187	1.00
Srvce occup, elemental NEC	172	0.92
Food srvce counter attdnts	171	0.92
Welders & soldering	163	0.88
Cleaners, specialized	159	0.85
Food & beverage servers	154	0.83
Assmblrs, elec. appliances	152	0.82
Heavy equip. oper. (except cranes)	137	0.74
Couriers & messengers	131	0.70
Clerks, parts & storekeepers	130	0.70
Other assemblers & inspectors	129	0.69
Sewing machine operators	122	0.66
Cnstrctn millwrights	121	0.65
Electrician (excpt ind.)	118	0.63
Aircraft assemblers	118	0.63
Dietitians & nutritionists	116	0.62
Cashiers	114	0.61
Kitchen & food srvc helper	107	0.57
Foundry workers	106	0.57
Firefighters	105	0.56
Sheet metal workers	104	0.56

Occupation	#	%
Machinists & machining	104	0.56
Bakers	98	0.53
Other wood prod. assemblers	94	0.50
Woodworking mach. operators	92	0.49
Dry clean & laundry	85	0.46
Plumbers	85	0.46
Labourer wood, pulp & paper	81	0.43
Printing machine operators	80	0.43
Roofers & shinglers	80	0.43
Letter carriers	79	0.42
Plasterers, drywall installers	77	0.41
Motor vehicle body repairers	75	0.40
Auto mech instllrs & srvcr	75	0.40
Sales occupns, elemental NEC	72	0.39
Machining tool operators	72	0.39
Res. & commercial installers	71	0.38
Mgrs - retail trade	63	0.34
Teaching assts, elem. & second	63	0.34
Landscape maintenance work	59	0.32
Soc. serv & community workr	58	0.31
Cabinetmakers	56	0.30
Security guards	55	0.30
Miners, undergrnd production	55	0.30
Process cntrl, food & beverage	53	0.28
Clerks, mail postal	50	0.27
General farm workers	50	0.27
Police officers (excpt commish.)	49	0.26
Electrician, industrial	49	0.26
Med. & hosp. assts, elemental NEC	49	0.26
Bus drivers / transit operators	47	0.25
Ambulance attendants	46	0.25
Clerks, general office	46	0.25
Labourer rubber & plastics	45	0.24
Plastics process machine oper.	44	0.24
Air transport ramp attndnt	42	0.23
Painters & decorators	42	0.23
Steamfitters, pipefitters	41	0.22
Machinery opers, mineral & metal	41	0.22
Sales rep, wholesale	39	0.21
Rail & motor transport labour	39	0.21
Welding, brazing & soldering	38	0.20
Refrign & air cond mechanics	38	0.20
Chainsaw & skidder operators	37	0.20
Attendants in amusement	36	0.19
Labourer mineral & metal	35	0.19
Teachers of disabled persons	34	0.18
Upholsterers	33	0.18
Educators & asstnts, early childhood	33	0.18
Mech. assemblers & inspectors	33	0.18
Aircraft mechanics	33	0.18
Bricklayers	32	0.17
Oil & solid fuel heating mech.	31	0.17

Tables

1 Accidents Reported by Class/1999

Reported Means Accidents in 1999, Whether Ocurring in 1999 or in Previous Years

Class	1999	Fatalities	1998	Fatalities
City of Wpg.	1,177	0	1,209	4
Class E	40,772	31	41,144	35
CPR/CNR,Air Can,Via	986	4	987	1
Govt. Can.	804	0	779	1
Prov. Man.	1,913	1	1,880	2
Grand Total	45,652	36	45,999	43

2 Compensable Accidents Settled by Class/1999

All Time loss Accidents, Not Specifically Rejected/1999

Class	No Cost Claims	Medical Aid Only	Temporary Disability	Permanent Disability	Fatality	**Total	Average Days Lost per Accident 1999	1998	Average Weekly Wage	Average Age
City of Wpg.	68	322	638	16	0	654	14.9	13.1	734	42
Class E	4,153	13,590	17,178	562	19	17,759	23.1	23.1	506	36
CPR/CNR,Air Can,Via	138	434	199	24	3	226	38.8	37.8	829	42
Govt. Can.	108	199	381	16	0	397	17.6	23.4	669	43
Prov. Man.	353	580	732	31	1	764	33.3	31.3	540	40
Grand Total	4,820	15,125	19,128	649	23	19,800	23.2	23.2	521	36

3 Compensable Accidents Settled 1999

● All Time loss Accidents, Not Specifically Rejected/1999

Group #	Employer Types	Rate Code	Number of Cases: Medical Aid Only	Temporary Disability	Permanent Disability	Fatality	Total	Average: Days Lost per Accident (Temporary Disability)	Weekly Wage	Age
Group 1	Forestry	101	6	9	2	0	11	44.3	326	38
		191	31	16	1	0	17	57.8	655	37
Group 2	Mines, Quarries and Oil Wells	201	504	103	34	2	139	34.9	1093	41
		202	28	25	5	0	30	52.7	943	34
		203	12	3	9	0	12	140.4	1724	49
Group 3	Manufacturing	301	617	641	14	0	655	24.0	452	34
		302	304	394	10	0	404	20.3	520	36
		303	89	67	4	0	71	20.1	492	32
		305	1	1	0	0	1	139.0	170	32
		310	2072	3031	85	0	3116	15.6	602	35
		311	489	650	15	0	665	13.8	473	35
		312	200	52	8	1	61	28.5	683	35
		313	32	109	0	0	109	16.7	350	30
		314	974	1254	45	0	1299	14.9	408	33
		315	381	651	18	0	669	22.6	419	37
		316	273	301	9	0	310	18.1	465	34
		319	68	106	4	0	110	20.0	419	34
		320	110	257	7	0	264	17.4	726	38
		321	4	7	0	0	7	20.9	591	38
		391	0	0	2	0	2	0.0	0	0
Group 4	Construction	401	724	827	59	3	889	27.5	561	35
		402	401	391	18	2	411	22.1	707	34
		404	86	124	7	1	132	27.1	553	33
		405	51	28	4	0	32	35.6	817	42
		406	27	36	4	0	40	64.8	935	40
		407	131	105	7	0	112	34.9	721	37
		408	159	183	16	0	199	41.2	631	37
		409	20	18	3	0	21	50.5	814	35
Group 5	Transportation, Communications and Storage	501	444	880	30	5	915	36.3	618	39
		502	77	72	5	0	77	23.7	453	32
		503	88	117	4	0	121	29.3	555	38
		505	64	73	1	0	74	22.4	832	42
		506	73	157	2	0	159	16.9	507	38
		507	0	1	0	0	1	6.0	900	47
Group 6	Trade	601	948	1182	17	0	1199	23.9	369	34
		602	80	91	2	0	93	20.3	318	32
		603	283	389	9	0	398	18.1	466	35
		604	651	525	18	2	545	21.2	537	36
		605	252	239	10	0	249	12.5	604	36
		607	55	55	2	0	57	37.8	413	31
		609	40	30	1	0	31	22.5	625	39

CONTINUED...

3 Compensable Accidents Settled

● All Time loss Accidents, Not Specifically Rejected/1999

Group #	Employer Types	Rate Code	Number of Cases: Medical Aid Only	Temporary Disability	Permanent Disability	Fatality	Total	Average: Days Lost per Accident (Temporary Disability)	Weekly Wage	Age
Group 7	Service Industries	701	958	903	13	0	916	20.3	258	31
		702	891	1919	16	0	1935	33.0	481	41
		703	17	17	0	0	17	15.5	358	32
		704	4	1	0	0	1	32.0	440	40
		705	49	65	2	0	67	19.5	215	36
		706	47	88	1	0	89	49.0	285	40
		707	31	62	0	0	62	23.2	318	37
		710	6	9	0	0	9	15.4	273	32
		713	3	0	1	0	1	0.0	0	0
Group 8	Public Administration	801	94	106	6	1	113	21.8	565	41
		802	17	10	1	0	11	10.7	428	41
Group 2	Voluntary by Application	901	89	107	6	1	114	23.8	403	39
		902	112	111	6	0	117	22.1	453	34
		903	77	66	2	0	68	53.9	408	37
		904	28	40	3	0	43	39.6	434	33
		905	34	49	1	0	50	46.8	347	35
		906	0	3	0	0	3	43.0	385	28
		907	4	1	0	0	1	3.0	700	25
		908	0	0	0	1	1	0.0	0	0
		909	25	59	0	0	59	37.8	594	37
		911	3	6	2	0	8	25.2	369	32
		912	48	44	1	0	45	21.4	637	44
		916	2	1	0	0	1	2.5	420	31
		918	2	2	0	0	2	5.5	308	26
		919	0	0	1	0	1	0.0	0	0
		921	148	305	6	0	311	20.3	522	44
		922	8	4	3	0	7	84.0	197	22

4 Accidents Settled & Reported 1990 - 1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Medical aid only	15,883	12,317	16,103	13,923	13,303	14,986	14,039	14,039	15,822	15,125
No cost claims	6,885	5,326	5,682	4,883	4,509	4,526	4,333	4,391	4,752	4,820
Temporary disability	21,566	18,271	16,993	15,509	16,985	17,574	15,415	16,636	17,704	19,128
Permanent disability	629	543	742	684	784	748	702	670	659	649
Fatality	29	12	13	25	20	22	27	21	22	23
Total time loss claims	22,224	18,826	17,748	16,218	17,789	18,344	16,144	17,327	18,385	19,800
Total compensable accidents settled	44,992	36,469	39,533	35,024	35,601	37,856	34,516	35,757	38,959	39,745
Total Accidents Reported	51,312	44,588	42,203	37,581	42,004	42,378	41,535	43,831	45,999	45,652

3a Fatality Claims

Processed in 1999

Fatalities reported in 1999	
New claims	28
Prior year claims	08
Fatalities adjudicated in 1999	
Not accepted	24
Accepted *	23
Fatalities adjudicated in 1999	
Burial, medical only	07
Dependant pensions	
Widows	14
Children	11
Child, no widow(er) **	03

* Four of the fatalities listed as "accepted" for 1999 were listed as "not accepted" in a previous year.

** There are two fatalities where only children were considered dependent.

3b Fatalities Accepted

by Cause

	1996	1997	1998	1999
Cancer	12	6	3	6
Trauma	5	9	10	4
Motor Vehicle Accident	5	-	2	2
Heart Attack	2	1	1	10
Other	3	5	6	1
Total	27	21	22	23

5 Average Duration of Settled Claims

by Accident Year

Year of Accident	1993		1994		1995		1996		1997		1998		1999	
	Average Days	% of Days	Average Days	% of Days	Average Days	% of Days	Average Days	% of Days	Average Days	% of Days	Average Days	% of Days	Average Days	% of Days
Current year	15.9	41.9%	15.8	44.0%	15.7	39.0%	14.9	37.0%	14.4	41.0%	14.8	42%	15.1	45%
Previous year	56.6	31.5%	58.4	25.0%	67.8	32.0%	65.2	32.0%	62.3	31.0%	61.3	28%	58.2	30%
All prior years	448.7	26.6%	508.6	31.0%	447.7	29.0%	475.8	31.0%	411.7	28.0%	412.2	30%	366.3	25%

7 Class E Employers Assessment Statistics

1990 - 1999

Year	Number Registered	Assessable Payrolls ($millions)	Assessments ($thousands)	Average Assessment Revenue per $100 of Payroll
1999	**22,962	*7,586	*112,936	*1.49
1998	22,413	7,227	134,484	1.86
1997	20,961	6,814	141,376	2.07
1996	21,114	6,302	141,507	2.25
1995	20,452	6,253	138,758	2.22
1994	19,875	5,920	128,978	2.20
1993	19,350	5,756	123,834	2.15
1992	19,200	5,686	122,329	2.15
1991	19,295	5,400	121,661	2.25
1990	19,751	5,435	124,288	2.29

* Estimated amount - final 1999 information will not be available until mid-2000.

** Registered employers (including independent contractors) as of December 31, 1999

Errata

Page 41 The *1999 Revenues* pie chart legend should read:
Blue 58% Class E Premiums; Green 32% Investments; Yellow Self Insured Premiums 10%.

Page 76 The legend for the chart *Manitoba Employed Labour Class (E) 1992-2002* should display the construction line as green instead of black. The graph should indicate a 6% growth rate for construction.

Page 77 The second sentence in the second paragraph on the top right hand corner of the page should read: "This means that Manitoba businesses employing fewer than 10 workers may not have the same infrastructure and communication channels that help reduce workplace injuries and illnesses as those businesses with 10 or more workers."

Page 79 The title of the bar graph at the top of this page should read:
1998 Time loss Injury Rate by Age Group ***for Covered Workforce***.

Page 84 Please replace the passage beginning with the third sentence at the top left hand corner of this page with the following: "Despite the legal requirement to report claims within five days, it took an average of **14.3** days to receive notification of an injury. This impacts Days from Notification to First Pay, which **was 22.7 days**.

Even when occupational diseases and other complex claims are factored out of the measure, **claims took nine days from date of the accident to notification**."

Page 96 The *Overview of Expectations*, first bullet, should read:
"...assessment rates are maintained at **$1.49** per $100 of assessable payroll."

Page 100 The note at the bottom of the page should read:
"The board's financial statement projections for 2000 to 2004 are shown on pages **101** to 103."

Page 115 *Compensable Accidents Settled, 1999,* **Group 2** *Voluntary by Application* should read:
Group 9 Voluntary by Application.

Page 116 *Table 5b, Fatalities Accepted by Cause* should read: **Trauma 10, Heart Attack 4** for 1999.